Jolly pagan times

Michael Thompson-Noel

MAN OF THE YEAR

Deng Xiaoping: China's durable reformer

UK banks in the US

Can they avoid past mistakes?

Page 13

International bonds

A great year, if you got the currencies right

Pages 16 and 18

FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY DECEMBER 29 1992 — D8523A

Bush warns Serbs he will use force to protect Kosovo

US president George Bush said the US would use force if Serbia provoked military conflict in Kosovo province, which borders Albania. He said the US would also protect UN peacekeepers on the ground in Bosnia and ensure the safe passage of humanitarian aid. Page 12

Clinton completes cabinet: US president-elect Bill Clinton completed his cabinet team. His last appointments included Zoe Baird as the first woman attorney-general and Mickey Kantor, his campaign manager, as trade representative. Page 12; Editorial Comment, Page 10

Collor fails to delay impeachment trial

Brazil's Supreme Court quashed an attempt by suspended president Fernando Collor de Mello (left) to delay his impeachment trial, due to open today, to allow his new lawyer time to study the case. If convicted, Collor will be barred from public office for eight years. Page 2

US moves carrier to Gulf: The US aircraft carrier Kitty Hawk is being moved from Somali coastal waters to the Gulf in response to Iraqi attempts to penetrate a no-fly zone over southern Iraq. Page 3

Olivetti faces loss: Italian computers and office equipment group Olivetti says it expects an operating loss for 1992 of between L350bn ($245m) and L300bn, compared with L28.3bn in 1991. The company blames shrinking sales, extraordinary costs and restructuring charges. Page 13; New year, old problems, Page 15

Board change at Invesco MIM: Nicholas Johnson has resigned as a director of fund management group Invesco MIM and head of its non-US operations, leaving recently-appointed chief executive Charles Brady as undisputed head of the group. Page 13

Japanese broker penalised: Second-tier stockbroker Cosmo Securities, accused of compensating corporate clients and concealing investment losses, was told by Japan's Ministry of Finance to suspend some corporate business and bond trading operations. Page 13

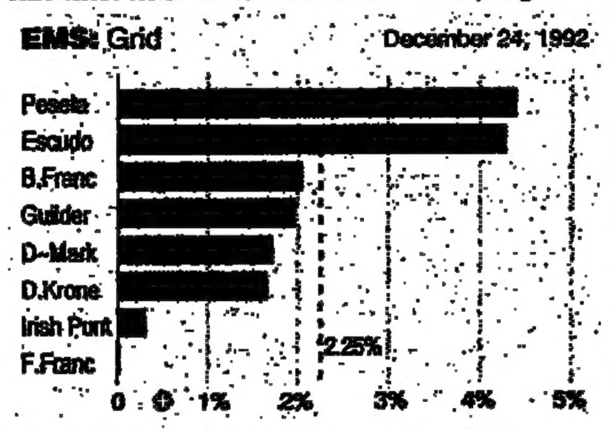
Unilever plans expansion: Anglo-Dutch food and consumer products company Unilever plans to expand its South American food operations with the acquisition of Cica SA of Brazil. Page 14

Car bomb kills two: Shining Path guerrillas exploded a car bomb near the Japanese embassy in Lima, killing two people and wounding some 40 others.

Russian plutonium for US: Russia is to sell 88lb of plutonium 238 – used in nuclear power plants – to the US to be used in experimental generation of electricity in space. Russia and US make N-talks progress, Page 2

European Monetary System: Tension within the exchange rate mechanism eased last week. Pressure on the French franc abated considerably, but dealers are still poised to test its strength. On Christmas eve, the central bank of Ireland said it would cut its overnight support rate to 14 per cent from 16 per cent. There was a growing perception in the markets that Germany would ease short-term interest rates. Currencies, Page 25

EMS: Grid — December 24, 1992



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. The Spanish peseta and Portuguese escudo operate with 6 per cent fluctuation bands.

China blows up mountain: Chinese soldiers used 12,000 tonnes of dynamite to blow up a mountain standing in the way of expansion of an airport in the Zhuhai special economic zone. The explosion, equivalent to an earthquake measuring 3.4 on the Richter scale, rattled windows 40 miles away in Hong Kong.

■ STOCK MARKET INDICES		
Tokyo Nikkei	17,188.82	(−368.42)
New York lunchtime:		
Dow Jones Ind Ave	3,313.27	(−12.97)
S&P Composite	437.88	(−1.89)

■ US LUNCHTIME RATES	
Federal Funds:	$3\frac{3}{8}$%
3-mo Treas Bills: Yld	3.218%
Long Bond	$102\frac{23}{32}$
Yield	7.392%

■ Gold		
New York Comex		
Feb	$333.4	(N/A)

■ STERLING	
New York lunchtime:	
$	1.58935

■ DOLLAR	
New York lunchtime:	
DM	1.61125
FFr	5.495
SFr	1.4645
Y	124.755
Tokyo close Y 123.93	

London markets closed

Austria	Sch30	Greece	Dr250	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira30	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.50	Syria	SyP50.00
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.60	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190	UAE	Dh10.00

HAWKS & HANDSAWS

Russia's economics chief to resist spending pressures

By Leyla Boulton in Moscow

MR BORIS Fyodorov, Russia's new chief economic strategist, has pledged to resist pressure to spend money the state does not have.

In an interview with the Financial Times, his first with a foreign news organisation since his appointment last week, Mr Fyodorov also said that he wanted to build the market institutions that Russia lacks.

He called for greater emphasis on "technical" measures to smooth transition to a market economy than was the case under Mr Yegor Gaidar, dumped as prime minister two weeks ago.

"We are moving towards a market but we need much more professional analysis [of the economy] at micro-level," said the 35-year-old economist, who is quitting his job as Russia's representative at the World Bank in Washington to become deputy prime minister.

He will guide overall policy of the finance and economics ministries, the tax inspectorate and the country's pricing committee.

Although his fight against inflation would involve "minimising the dangers" of pressure for more money from state-owned enterprises, Mr Fyodorov said he would also try to mobilise extra sources of finance for the country.

This would include fighting the flight of capital from Russia and issuing bonds to the population on terms more attractive than the combination of negative interest rates and high inflation now ravaging ordinary savings accounts.

"Even if you have a big budget deficit it should be financed in a civilised manner," he said, criticising the inflationary central bank practice of printing money to complement budget revenues.

Mr Fyodorov – who resigned as finance minister two years ago when an earlier government headed by Mr Boris Yeltsin failed to get economic reform under way – said it was too early to discuss the substance of the policies to be embraced by Mr Viktor Chernomyrdin, the new prime minister.

But he seemed encouraged by what he had seen so far of Mr Chernomyrdin, former manager of the Soviet gas monopoly.

He said Mr Chernomyrdin's manner could make relations easier with the parliament. "Unlike Gaidar, he will not use foreign words or display intellectual sophistication, and that will

Continued on Page 12
Information chief named, Page 2

Senior EC monetary leaders back ERM

By Our Economics and Foreign staff

SENIOR European monetary policymakers yesterday sought to stave off pressure to disrupt the exchange rate mechanism by launching a verbal campaign in its support.

Comments to underpin existing parities were made by Mr Hans Tietmeyer, the Bundesbank vice-president, and Mr Henning Christophersen, the European Community's commissioner for economic and financial affairs, as the Danish central bank trimmed two of its key money market interest rates.

Mr Tietmeyer said yesterday that there was no reason to change the parity between the D-Mark and the French franc. At the weekend, Mr Christophersen said he expected no change in the value of the Irish punt and Danish krone in the ERM, and forecast "no exchange rate realignments in the next four months".

As currency traders and securities dealers returned to work on quiet continental markets after the Christmas break, the Danish central bank yesterday took advantage of the calmer conditions to cut the rates it uses to steer money market rates to 13 per cent from 14 per cent.

The reduction of 1 percentage point in the fixed yields offered by the Danish central bank in its transactions with 14-day certificates of deposit and on a 15-day money market repurchase deal followed a similar cautious relaxation of policy by the Irish Republic on Christmas Eve, when the Irish central bank cut its overnight support rate to 14 per cent from 16 per cent.

In an interview with the French newspaper Le Quotidien de Paris, Mr Tietmeyer said he saw no reason to overhaul the European Monetary System. He said financial markets had failed to appreciate France's low inflation, balance of payments surplus, low wage costs and good competitiveness. "The markets still have not grasped how strong the fundamentals are," Mr Tietmeyer said.

His remarks echoed comments by Mr Christophersen in an earlier interview on German radio. The EC commissioner said there was a "a very healthy, a very positive development with low inflation rates" in Denmark, Ireland and France. All three countries had lower inflation and lower public deficits than Germany, he said.

Mr Tietmeyer attributed recent pressure on the franc to a debate among French opposition politicians over whether to keep the *franc fort* policy after the national assembly elections in March. "I hope this debate in France on the strong franc will soon be over," he said.

Mr Tietmeyer said he was pleased that Mr Valery Giscard d'Estaing, the former French president, and Mr Edouard Balladur, the former finance minister who has been mentioned as a possible prime minister if the rightwing opposition parties win the elections, had said clearly that they favoured keeping the strong franc policy.

Currency traders are still likely to test ERM parities once trading returns to normal in the new year. Analysts point out that daily intervention by the French central bank to support the franc continued at a relatively high level in the weeks before Christmas.

According to economists in London, financial markets will want clearer evidence of a prospective fall in German interest rates before they relax pressure on the ERM. However, there was little sign of a change in attitude at the Bundesbank over the holiday period.

Currencies, Page 25
Week Ahead, Page 6
Bonds, Page 16

Israeli-Arabs bring food and medical supplies to the Israel-Lebanon border post of Rosh Hanikra yesterday in an attempt to deliver them to the Palestinian deportees stranded in no man's land. Israeli authorities at the post turned them back

Palestinians deported by Israel left stranded in icy no man's land

Lebanon blocks UN mercy mission

By Hugh Carnegy in Jerusalem

LEBANON said yesterday it would prevent Mr James Jonah, a special envoy of Mr Boutros Boutros Ghali, the United Nations secretary general, crossing its territory to visit the 415 Palestinians stranded in severe winter conditions for 11 days in no-man's land in the south of the country.

Mr Jonah travels on to Beirut from Jerusalem today for talks with the government of Mr Rafik al-Hariri, the Lebanese prime minister, which has not budged in its refusal to co-operate with the Israeli deportations and says Israel must take back the men.

Israel signalled that at least six of the deportees were expelled mistakenly and would be able to return. But despite the efforts of Mr Jonah, there were few signs of any substantive breakthrough in the crisis which has convulsed Middle East peace negotiations.

Palestinian leaders, frustrated that Israel has repeatedly escaped reprisals for ignoring UN resolutions, told Mr Jonah at a meeting in Jerusalem yesterday that it should be forced to implement a Security Council resolution calling for the return of the deportees – alleged by Israel to be militant Islamic fundamentalists – to their homes in the West Bank and Gaza Strip.

"We demanded that they should be returned immediately, that Israel should apply UN Security Council resolution 799 immediately. Unfortunately, we explained, so far Israel has been given preferential treatment by the world community," said Mrs Hanan Ashrawi, the Palestinian spokeswoman.

However, Mr Yitzhak Rabin, the Israeli prime minister, ruled out any reversal of the deportation, undertaken after a spate of killings of Israeli soldiers by Moslem extremists, when he met Mr Jonah on Sunday.

The deportees, camped in south Lebanon in an area between Israeli and Lebanese forces, have been forced to endure heavy snowfalls and freezing temperatures without adequate supplies of food and water or access to proper medical care.

Mr Rabin has maintained wide support within his government for the deportations. But his refusal to allow humanitarian aid to be taken to the camp through Israeli-held territory has come under strong opposition. Yesterday, France requested permission to do so, and said it was awaiting a response.

The Israeli government has acknowledged that the deporta-

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Editorial comment, Page 10
Saddam's defiance is reminder of Gulf volatility, Page 3

Japan's current account surplus exceeds $100bn

By Robert Thomson in Tokyo

JAPAN'S current account surplus in November rose 48 per cent from a year earlier to $10.4bn bringing the cumulative total so far this year to $106.2bn, the first time it has topped $100bn.

The government expects the surplus will continue to rise in coming months, overshadowing the previous yearly record of $87bn in 1987 and possibly prompting an increase in trade tension with the US and European Community.

Finance ministry officials said the surge in the surplus last month was caused by a fall in demand for imports (down 5.7 per cent) and an unusually large $1.1bn surplus in invisible items, due to a decline in the travel account deficit and an increase in the investment account surplus.

The travel account deficit has fallen for three consecutive months because of a decrease in tourism departures, a side-effect of economic downturn, while Japanese companies are thought to be repatriating an increasing amount of their returns on foreign investment.

In the long-term capital account, foreigners' net sales of Japanese shares were $1.48bn during the month, compared with net sales of $86m in October. Net purchases of Japanese bonds were $1.5bn, a sharp turnround from net sales of $3.6bn the previous month.

Net Japanese purchases of foreign stocks totalled $994m, compared with $761m in October, and net purchases of foreign bonds were almost unchanged at $5.65bn.

The overall balance of payments showed a surplus of $149m, compared with $12.6bn in the same month last year.

The Japanese government, meanwhile, has approved the budget for fiscal 1993-94, making few amendments to the original draft and still aiming for a 0.2 per cent increase in total outlays. The budget papers have been criticised by Japanese business leaders for not providing enough stimulation for the ailing economy and for overestimating likely tax returns.

CONTENTS

US and Russian negotiators optimistic over Start II treaty

Hopes rise for N-weapons deal

US and Russian negotiators yesterday said they had made progress in their efforts to seal a nuclear arms treaty before President George Bush leaves office, Reuter reports from Geneva.

"We are encouraged by the way things are going. We think we are making progress," said US spokesman Richard Boucher.

Mr Lawrence Eagleburger, US secretary of state, and Mr Andrei Kozyrev, Russian foreign minister, held a two-hour morning session and lunched together before handing the negotiations over to officials. They agreed to meet again today. Mr Boucher said.

When the talks began, Mr Kozyrev sounded optimistic about the prospects for the treaty, known as Start II.

"I am ready to bet a bottle of whisky and say that we will do such work here which will make it possible for our presidents to have a positive decision after our negotiations today," he said.

'I am ready to bet a bottle of whisky. . . that we will do such work here to make it possible for our presidents to have a positive decision'

The ministers are making a final effort to complete the treaty before the Bush administration leaves office on January 20.

The treaty would slash both countries' arsenals of long-range nuclear weapons by about two-thirds.

Flying to Geneva from Washington, Mr Eagleburger said he thought there was a "better than 50-50 chance" of completing the treaty, which would give Mr Bush a triumphant exit from office.

The first Strategic Arms Reduction Treaty (Start), finalised last year, cut the nuclear arsenals of the US and former Soviet Union by about 30 per cent. Start II would abolish the most deadly and destabilising class of nuclear weapons – land-based missiles equipped with multiple warheads.

However, three main issues remain to be resolved:

● How many silos that currently house the 154 giant SS18 missile would the Russians have to destroy and how many would they be allowed to keep? The US had previously insisted on total destruction but Mr Eagleburger said it was now prepared to allow the Russians to keep some silos.

● How many of its 170 mobile SS19 missiles would Russia be allowed to convert or "download" from six warheads to one so as to be legal under the treaty? Mr Eagleburger indicated that Washington was no longer insisting on the total destruction of SS19s – its previous position. Russia could keep an unspecified number.

● The fate of US B1 and B52 bombers. The B1s will be stripped of nuclear weapons but Washington wants the option to rearm them as it retires its B52s. Russia says that all B1s should be counted under treaty limits.

Lawrence Eagleburger (left), US secretary of state, talks through an interpreter to Andrei Kozyrev (right), Russian foreign minister

Moscow fails to pay farm loans

RUSSIA has failed to make $95.7m (£61.2m) in payments on US-government backed loans used to buy grain and farm products, the US Agriculture Department said yesterday, AP reports from Washington.

Russia missed additional payments totalling $27.4m on top of $68.3m already in arrears to six US and foreign banks.

Russia has been missing payments since early December, and as a result has been suspended from a government export credit programme.

Paraguay poll candidate named

Paraguay's ruling Colorado party has virtually decided the country's next president, after choosing a hardline candidate to fight the May 9 poll, writes John Barham.

Mr Luis Maria Argana won the Colorado nomination with about half the party membership's votes, against roughly 40 per cent of votes for the government's favoured candidate, Mr Juan Carlos Wasmosy.

Peru bomb explodes near Japan mission

Shining Path guerrillas exploded a car bomb near the Japanese embassy in the Peruvian capital Lima yesterday, killing two people and wounding some 40 others, Reuter reports.

About 30 minutes later, another vehicle packed with explosives detonated behind the Chinese embassy, wounding at least one person and damaging a wall surrounding the building, witnesses and radio reports said.

Weinberger claims Iran-Contra prosecutor is pursuing vendetta

By Jurek Martin in Washington

MR Caspar Weinberger, a former US secretary of defence, yesterday accused the Iran-Contra special prosecutor of pursuing a "totally unethical" vendetta against presidents Ronald Reagan and George Bush.

In television interviews Mr Weinberger said it was "ridiculous" to suggest that Mr Bush's Christmas Eve pardon of himself and five others was intended to cover up the then vice-president's own involvement in the scheme to sell arms to Iran in return for the release of US hostages in Lebanon and then illegally to divert the proceeds to rebels in Nicaragua.

Mr Weinberger, in effect, said Mr Laurence Walsh, the special prosecutor, had indicted him for lying to Congress about his knowledge of the affair as a way to get at Mr Reagan and, now, Mr Bush.

The charges, he said, would have been dropped if he had implicated either Mr Reagan or Mr Bush. A spokeswoman for Mr Walsh said yesterday that Mr Weinberger was not asked to incriminate anybody else.

Mr Weinberger, 75, conceded he may have misled Congress but denied he did so with criminal intent. He agreed that Mr Bush attended meetings at which the sale of missiles to Iran was discussed but said it was "a matter of opinion" whether the discussions also embraced Iran's help in securing the release of US hostages. Mr Reagan, he noted, had asserted they did not.

The stage is set for a bitter confrontation between Mr Walsh and Mr Bush over the president's private notes of his knowledge of the Iran-Contra affair, which Mr Bush has said he will release. Congress may also hold hearings on the affair.

Mr Walsh's ire was exacerbated by Mr Bush's justification for the pardons. In his statement the president accused the prosecutor of exploiting "a profoundly troubling development in the political and legal climate of our country: the criminalisation of policy differences." This so outraged Mr Walsh that on Christmas Eve he revealed for the first time that Mr Bush was a subject of his investigations.

Mr Weinberger's notes, which he insisted he had never sought to conceal from Mr Walsh, suggest Mr Bush was in favour of the missile sale to Iran and, by implication, the whole Iran-Contra-hostages scheme which Mr Weinberger, along with Mr George Shultz, then secretary of state, vigorously opposed.

There had been heavy lobbying, mostly by former Reagan administration officials, for Mr Bush to pardon Mr Weinberger before Mr Bill Clinton takes over as president next month. A central argument of their campaign was that justice would hardly be seen to be have been done if Mr Weinberger, an opponent of Iran-Contra, were found guilty while its chief architect, Lt Col Oliver North, were roaming free, his conviction having been overturned on appeal.

Mr Clinton has been careful not to comment on the Weinberger pardon, although it has been sharply criticised by some prominent Democrats in Congress.

Tapie makes political comeback

By Alice Rawsthorn in Paris

MR Bernard Tapie, the flamboyant French politician and businessman, has staged an astonishing end-of-year comeback by regaining the cabinet post he lost earlier this year because of his involvement in a fraud case.

Mr Tapie has been reappointed minister of towns, a post he held for seven weeks before resigning in May pending the fraud trial. The case brought against him by Mr Georges Tranchant, the politician who was once a business partner, was dismissed last week, allowing Mr Pierre Bérégovoy, the premier, who has championed Mr Tapie's political career, to bring him back into the cabinet.

Mr François Hollande, the deputy leader of the socialists' re-election campaign, said: "To have made Bernard Tapie a minister last April was an error, but to bring him back now is a grave mistake." Mr Henri Emmanuelli, president of the National Assembly, also criticised the move.

Yeltsin gives information post to former deputy PM

By Leyla Boulton in Moscow

PRESIDENT Boris Yeltsin has appointed the man he was supposed to have sacrificed to conservative deputies to an even more important job – telling the Russian people what to think about market reforms in Russia.

Mr Mikhail Poltoranin, sacked as first deputy prime minister, is to head a new Federal Information Service which will seek to redress the effects of seven decades of Communist propaganda.

The agency's role will be to "secure through print and the mass media, the distribution of timely and wide information about the progress of reforms in Russia and to clarify government policy." Nobody in or out of office disagrees that a lack of explanation and education about market economics was one of the most serious shortcomings of the reforms begun in January this year.

But it is not yet clear whether Mr Poltoranin, who achieved few practical results in this area when he was minister for information and media, can actually deliver what is expected of him in his new position. His main strength, it would seem, is Mr Yeltsin's trust in him.

Meanwhile his deputy, Mr Mikhail Fedotov, who takes over as minister, is now supposed to concentrate solely on registering and licensing new media, together with the vaguer mission of promoting freedom of speech. The job's more interesting functions have gone over to Mr Poltoranin, who will also be directly responsible for state-owned TV and newspapers.

The other two real victims of Mr Yeltsin's government reshuffle have already landed on their feet.

Mr Yegor Gaidar, the prime minister whom Mr Yeltsin finally abandoned to the Congress rage, has already received invitations to return to politics from small political parties looking for a leader. Mr Gaidar, who displayed considerable political talents in his year in office, says he would consider a larger grouping of various pro-reform parties. In the meantime he has a direct line to President Yeltsin from his office as director of one of Russia's many economic research institutes.

Mr Peter Aven, who was sacked as foreign economic relations minister, with few tears shed by foreign bankers, has said he wants to use his experience in government to go into commerce.

US contract loss dismays French group

By Martin Dickson in New York

GROUPE BULL, the French computer group, yesterday said it was "very disappointed" that its subsidiary, Zenith Data Systems, had lost a $740m (£486.8m) contract to supply the US Air Force with desktop computers.

US government arbitrators voided Zenith's contract on December 24 following complaints from rival bidders.

The General Service Administration's Board of Contract Appeals did not spell out the reasons for its ruling, nor explain the next stage in the contract award. In an unusual move it decided to keep details of its ruling secret until next Monday.

The contract has been embroiled in controversy for more than a year.

It was initially awarded in November 1991 to CompuAdd Computer, a privately-owned company based in Austin, Texas, and Sysorex Information Systems, based in Virginia.

The two companies lost the contract earlier this year after protests from Zenith and other losing bidders, which complained they had been unfairly disqualified from the race.

The contract involves about 300,000 desktop computers, along with related software and peripherals, to be delivered over a three-year period.

Ironically, the deal was meant to set a model for a new "fast-track" method of bidding on US government contracts for computer equipment, designed to eliminate the problem of equipment becoming obsolete by the time the normally cumbersome procurement process has been completed.

Collor fails to delay judgment

By Bill Hinchberger in São Paulo

THE chief justice of the Brazilian Supreme Court yesterday denied a last-minute request by suspended President Fernando Collor de Mello to delay judgment by the Senate on his impeachment.

Mr Collor, who was suspended from office in September for alleged corruption, will be permanently removed from office if the upper house of the legislature convicts him today, as expected.

Chief Justice Sydney Sanches rejected a suit filed by Mr Collor asking for an additional 30 days to allow his new lawyer to prepare arguments.

Mr Collor dismissed his attorneys last Tuesday, on the eve of the original trial date, forcing the Supreme Court to postpone the Senate hearing until today.

However, Mr Sanches accepted Mr José de Moura Rocha as Mr Collor's new defence attorney. The judge also maintained a court-appointed counsel, named after Mr Collor dismissed his attorneys.

Mr Mauro Benevides, president of the Senate, said he expected all 81 members of the upper house to appear at the special session. Opinion polls have shown that pro-impeachment forces, who need a two-thirds majority, should have enough votes to remove Mr Collor from office.

An aide to Mr Benevides said the Senate president planned to keep the parliament in session until a final outcome was reached.

Mr Collor, the country's first democratically elected president in several decades, is facing charges of official misconduct, including allegations that he personally benefited from a multi-million dollar slush fund run by his former campaign treasurer.

If Mr Collor is removed from office, interim president Itamar Franco, Mr Collor's vice-presidential running mate in the 1989 campaign, should be formally inaugurated tomorrow.

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

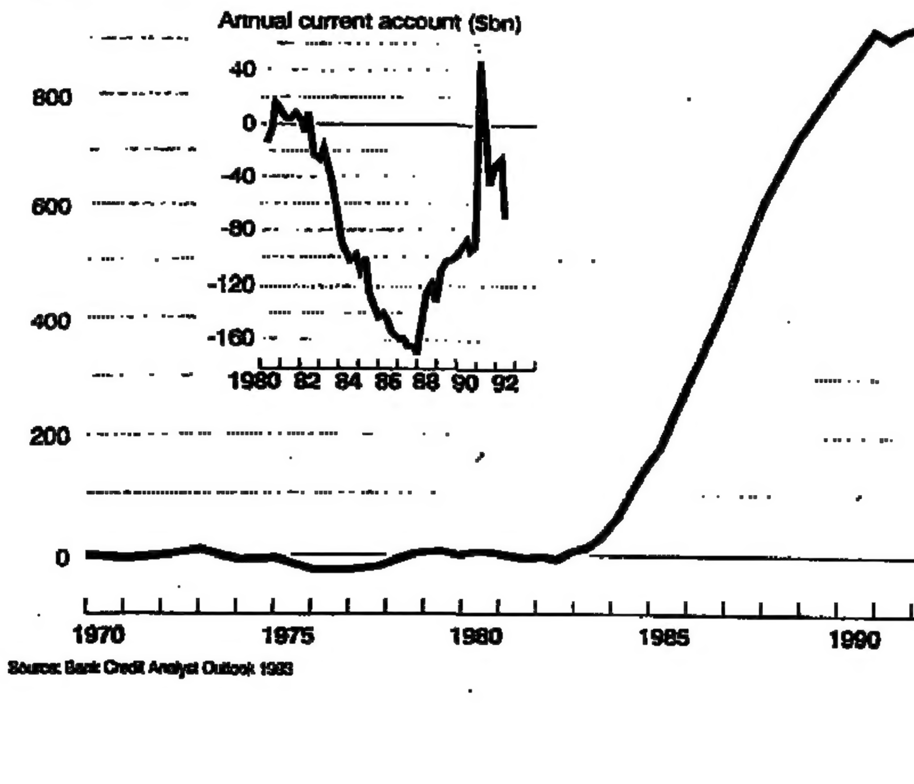
	UNITED STATES					JAPAN				
	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	279.8	−174.2	−159.7	0.7623	100 0	230 8	76.0	64 5	180.50	100.0
1986	230.9	−140.6	−150.0	0.9836	80.2	211 1	96.2	86.9	165.11	124.4
1987	220.2	−131.8	−141.6	1.1541	70 3	197 3	86.1	75.5	166.58	133.2
1988	272.5	−100.2	−107.0	1.1833	66 0	219.8	80.7	66.6	151.51	147.3
1989	330.2	−99.3	−91.8	1.1017	69 4	245 3	70 5	52.4	151.87	141.9
1990	309.0	−79.3	−70.9	1 2745	65 1	220 0	50 1	28 3	183.94	126.0
1991	340.9	−52.3	−3.0	1.2391	64 5	247.5	83 2	63.0	186.44	137.0
4th qtr.1991	87.8	−12.4	−5.7	1 2548	63 3	62 9	23 7	18.2	162.38	141 2
1st qtr.1992	87.3	−11.7	−4.7	1 2623	63.5	65 0	26 1	22.7	162.21	142.2
2nd qtr.1992	86.7	−16.6	−14.0	1 2717	63 6	63 1	25.4	22.6	165.60	139.9
3rd qtr.1992	80.6	−18.0	−10.3	1.3831	60.1	61.4	24.3	20.3	172.79	139.6
November 1991	29.6	−3.3	n.a	1 2568	63 2	20 9	7 4	5 9	162.99	140 9
December	27.7	−4.3	n.a	1 2993	62 0	20 3	8 3	6 6	166.37	140.2
January 1992	27.4	−4.5	n a.	1 2926	61 9	21 5	8.0	5.4	161 84	143.8
February	29.8	−2.6	n.a.	1 2634	63.4	21 7	9 3	7 7	161.18	143.3
March	30.1	−4.6	n.a.	1.2309	65 1	21 9	8 7	9 6	163 61	139.6
April	29.3	−5.7	n a	1 2436	64 8	21 0	7 6	7 5	165.92	138.2
May	28.2	−5.7	n.a.	1.2676	63.8	20 9	9 3	8.6	165.57	139.7
June	29.3	−5.2	n a	1 3039	62 3	21 2	8 5	6 5	165.32	141.7
July	27.6	−5.3	n a.	1.3693	60 5	20 5	8.4	7 0	172.21	139.2
August	25.5	−6.4	n.a.	1.4014	59.8	19.7	7 6	6.1	177.11	137.0
September	27.5	−6.2	n.a	1 3786	60 2	21.2	8 3	7 2	169.05	142 5
October	29.7	−5.3	n a	1 3210	62 1	21 6	9.2	7 9	159.93	148.2

	GERMANY					FRANCE				
	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	*242.8*	*33.3*	*21.7*	*2.2260*	*100.0*	133.4	−3.6	−0.2	6.7942	100.0
1986	*248.6*	*53.4*	*40.3*	*2.1279*	*108.8*	127.1	0.0	3.0	6.7948	102.8
1987	*254.3*	*56.6*	*39.8*	*2.0710*	*115.3*	128.3	−4.6	−3.6	6.9265	103.0
1988	*272.6*	*61.6*	*42.9*	*2.0739*	*114.6*	141.9	−3.9	−3.4	7.0354	100.8
1989	*310.2*	*65.3*	*52.2*	*2.0681*	*113.5*	162.9	−6.3	−3.6	7.0169	99.8
1990	324.0	51.7	37.0	2.0537	119.1	170.1	−7.2	−7.2	6.9202	104.8
1991	327.4	11.1	−18.1	2.0480	117.7	175.4	−4.2	−4.7	6.9643	102.7
4th qtr.1991	83.7	5.2	−1.8	2.0382	118.5	45.0	0.4	0.4	6.9598	102.6
1st qtr.1992	83.2	3.1	−4.3	2.0422	118.8	45.4	0.9	−1.1	6.9492	103.4
2nd qtr.1992	80.9	3.5	−4.8	2.0511	118.7	46.2	1.5	0.8	6.9122	104.4
3rd qtr.1992	84.0	6.5	−6.6	2.0221	122.1	45.2	1.0	0.3	6.8536	106.6
November 1991	28.6	1.7	0.9	2.0406	118.6	15.0	−0.00	−0.14	6.9735	102.8
December	27.8	2.4	−1.2	2.0325	119.9	14.4	−0.32	−0.31	6.9451	103.7
January 1992	27.2	0.3	−3.2	2.0365	119.3	14.9	0.52	−0.11	6.9478	103.6
February	27.7	1.1	−0.9	2.0443	118.6	15.0	0.11	−0.08	6.9572	103.3
March	28.2	1.7	−0.2	2.0456	118.4	15.5	0.23	−0.86	6.9429	103.4
April	29.5	2.4	−0.9	2.0483	118.6	15.8	1.10	0.17	6.9274	103.9
May	26.4	0.6	−1.9	2.0551	118.4	15.0	0.59	1.32	6.9090	104.5
June	25.0	0.5	−1.9	2.0498	119.1	15.4	−0.17	−0.64	6.9001	104.9
July	28.3	1.0	−3.8	2.0410	120.7	15.5	0.87	0.05	6.8872	106.0
August	27.9	3.3	−0.9	2.0328	122.0	14.2	−0.44	0.02	6.8944	106.3
September	27.8	2.3	−1.8	1.9927	123.6	15.6	0.55	0.21	6.7792	107.6
October	28.8	2.7	−0.6	1.9564	125.7	16.6	1.63		6.8368	110.0

	ITALY					UNITED KINGDOM					
	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	
1985	103.7	−16.0	−5.4	1443.0	100.0	132.4	−5.7	4.7	0.5890	100.0	1985
1986	99.4	−2.5	−1.4	1461.6	101.4	108.3	−14.2	0.1	0.6708	91.6	1986
1987	100.7	−7.5	−2.1	1494.3	101.2	112.3	−16.4	−6.4	0.7047	90.1	1987
1988	108.3	−8.9	−8.0	1536.8	97.8	120.9	−32.3	−24.3	0.6843	95.5	1988
1989	127.8	−11.3	−14.0	1509.2	98.6	137.0	−36.7	−32.3	0.6728	92.6	1989
1990	133.6	−9.3	−19.4	1523.2	100.6	142.3	−26.3	−23.8	0.7150	91.3	1990
1991	137.0	−10.5	−26.0	1531.3	96.9	147.7	−14.7	−9.0	0.7002	91.7	1991
4th qtr.1991	37.3	−1.2	−8.4	1533.8	98.8	37.1	−3.7	−2.5	0.7069	90.9	4th qtr.1991
1st qtr.1992	34.3	−5.1	−7.6	1535.7	99.0	36.7	−4.3	−4.0	0.7125	90.6	1st qtr.1992
2nd qtr.1992	35.8	−3.6	−11.1	1546.3	98.5	37.9	−4.5	−4.4	0.7034	92.3	2nd qtr.1992
3rd qtr.1992	32.9	0.5	−8.2	1564.6	98.2	36.3	−4.5	−3.0	0.7261	90.9	3rd qtr.1992
November 1991	11.1	−1.6	−2.5	1537.8	98.7	12.3	−1.4	−0.99	0.7076	91.0	1991 November
December	13.1	1.2	−3.3	1537.4	99.1	12.5	−1.0	−0.62	0.7116	91.2	December
January 1992	10.7	−2.0	−3.2	1534.9	99.1	11.6	−1.6	−1.53	0.7131	90.8	1992 January
February	11.4	−1.4	−2.2	1535.6	99.0	12.6	−1.4	−1.33	0.7105	90.9	February
March	12.1	−1.6	−2.2	1536.7	98.8	12.5	−1.2	−1.16	0.7141	90.1	March
April	11.7	−1.2	−3.9	1542.0	98.6	12.4	−2.0	−1.91	0.7076	91.4	April
May	11.5	−1.9	−3.4	1546.6	98.5	13.0	−1.2	−1.18	0.7000	92.8	May
June	12.7	−0.5	−3.8	1550.3	98.5	12.5	−1.3	−1.30	0.7027	92.9	June
July	13.9	0.8	−4.4	1546.2	99.5	12.3	−1.6	−1.06	0.7137	92.5	July
August	7.7	1.1	−2.4	1543.4	100.1	12.3	−1.6	−1.09	0.7219	92.0	August
September	11.3	−1.4	−1.4	1604.1	95.0	11.8	−1.3	−0.86	0.7428	88.2	September
October	12.4	0.1		1723.8	87.3	11.5	−1.4	−1.20	0.7969	80.8	October

All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and Import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

US current account



Source: Bank Credit Analyst Outlook 1993

Balancing the risks to the world economy in 1993

CHASTENED by the failures of its economic forecasting team over the past few years, the OECD has decided to offer alternative scenarios for economic growth in its latest economic outlook.

Its baseline forecast suggests a modest world recovery over the coming year, although most of the rise in growth rates is expected to occur outside Europe. But the organisation has also provided gloomier alternatives for the pessimists.

The OECD's baseline forecast is hardly optimistic. The US economy is expected to grow by 2.4 per cent in 1993, a mere 0.6 percentage points higher than this year. Japanese economic growth is also expected to pick up to 2.3 per cent in the year. But Europe is the laggard with growth of just 1.4 per cent.

The main downside risk, according to the OECD, is that the effects of debt deflation, which have undermined the organisation's forecasts over the past year, may persist and even intensify in the short term. The OECD's baseline projections assume that the recent caution of US and Japanese consumers will taper off during 1993. But this could well prove too optimistic, particularly in Japan where the adjustment process started later. In the OECD's alternative scenario, Japanese domestic demand weakens by 1 per cent of gross domestic product while US private consumption also falls by 1 per cent of GDP, equivalent to a half percentage point rise in the US household savings rate.

The effect on overall growth is assumed to be mitigated by a larger than expected fall in short-term interest rates as inflationary pressures remain subdued. The OECD currently expects US short-term interest rates to fall to 3.1 per cent in 1993, from an average 3.4 per cent his year, before rising to 4 per cent in 1994. But its pessimistic scenario assumes a fall to 2.9 per cent in both 1993 and 1994.

The result is to reduce next year's US growth rate by 1.1 percentage points relative to the baseline forecast for 1993, and Japanese growth by 0.9 percentage points. The spillover effects from this sluggish growth are assumed to reduce the German growth rate by 0.2 percentage points and growth in OECD Europe, excluding Germany, by 0.1 percentage points.

Yet too fast a US recovery could bring problems of a different sort. The International Bank Credit Analyst, in its latest annual outlook, worries that the combination of the US fiscal deficit and the low level of private savings could mean that anything more than a sluggish recovery will be choked off by higher interest rates.

The mechanism by which this rise in interest rates could occur is a loss of confidence in the US dollar among foreign investors. The IBCA highlights how dependent the US is on foreign investors – the cumulative US current account deficit since 1970 amounts to $925bn, more than 15 per cent of current US GDP. The improvement in the US current account deficit recently has made only a small dent in that debt, as the chart shows.

Too fast a US recovery is the most likely way to frighten foreign investors, the IBCA says. "The already deteriorating current account would widen sharply if the economy accelerates and the US would have to rely on foreign savings to a much greater extent. This may not be possible unless US interest rates rise sharply and that would probably abort the recovery."

The UK, currently lumbered with a proportionately larger current account deficit than the US as a percentage of GDP, faces a similar balance of payments problems. But for the rest of Europe the most serious risk is that German wage inflation will prove more stubborn than expected and German interest rates will remain high.

The OECD's baseline forecast assumes that German short-term rates will fall to 7.8 per cent next year from 9.4 per cent this year, and then decline to 6.5 per cent in 1994. But what if German wage inflation is 1 percentage point higher than expected? The OECD guesses that German interest rates will remain above 8½ per cent next year, in which case its growth rate will fall by a full percentage point, dragging the rest of Europe down with it.

Edward Balls

Lucre strips lustre from Kenya poll

Julian Ozanne and Michael Holman on how bribery mars shift to democracy

HUNDREDS of people lined the dusty roads of Kisii district in western Kenya yesterday and stretched out their hands to the convoy of Mr Kenneth Matiba, an opposition presidential candidate in today's general election.

As his motorcade sped through the lush hills, with slogans of the FORD-Asili party blaring from loudspeakers, the people shouted: "Give us money, give us money."

"Everybody here is only looking for money," Mr Matiba sighed. "They've all been bought."

The candidate, making his last campaign swing before polling, was warned to avoid Kisii town where the ruling Kanu party was holding a final rally. Hundreds of youths in T-shirts bearing the portrait of Mr Simeon Nyachae, the local Kanu boss, loitered on the streets looking for Mr Matiba's convoy.

Bribing of candidates and voters, intimidation and electoral abuses have already sullied the election in Kenya, Africa's former role model which today becomes the continent's test case for democracy.

Almost 8m Kenyans are registered to vote in the first multi-party election for 26 years. Kanu is expected to win the most seats in the 188-member parliament and a run-off for the presidency.

Although policies among the main parties do not differ much, ethnic rivalries have undermined the transition to democracy and raised fears about post-election violence and the country's stability.

But the outcome has ramifications that go beyond Kenya.

Looking on anxiously are western donors and governments, and the Commonwealth. The former, led by the US, helped force President Daniel arap Moi to end one-party rule by freezing aid pending democratic reform and speedier implementation of economic change.

For the Commonwealth, represented by 40-strong observer group, the election is the first significant test of the new role it set for itself at the heads of government summit in Harare in October 1991.

The summit declaration renewed members' commitment to "democracy, accountable administration and the rule of law". It represented "more than simply words", said Chief Emeka Anyaoku, the organisation's secretary-general. It was "both a commitment to action and a set of standards and principles by which the Commonwealth will seek to live".

Should western governments and the Commonwealth observers decide that an election won by Mr Moi is not "free or fair", aid will not resume, putting further strain on an economy already in crisis.

The onlookers do not seem entirely comfortable with their role and responsibilities. The leading western governments appear divided; while colleagues from the US, Germany, Canada, Sweden and Denmark staged a walk-out from a national day parade this month on the grounds that Mr Moi had turned it into a Kanu political rally, the British High Commissioner remained seated.

Last week Germany went a step further and withdrew its observer mission on the grounds that the election process was already fatally flawed and its team had encountered government obstruction.

At the same time, however, the US has shown signs of backing away from its hard line – possibly influenced by Kenya's role as a reliable rear base for operations in Somalia.

The Commonwealth observers, led by former Chief Justice Telford Georges, appears to be hedging its bets.

Unlike previous monitoring exercises in Zambia, the Seychelles and Ghana, the group seems unlikely to deliver its assessment until after the result is known.

Opposition parties yesterday made fresh allegations of electoral malpractices, including the arrest of 500 supporters in the tense central town of Nakuru. Most opposition leaders have warned of violence if the elections are seen by the electorate to have been rigged by Kanu.

Should Kenya's stability be threatened, the blame will fall on the country's leaders. But western governments and observer groups may have to bear some of the responsibility for failing to apply greater pressure on the government earlier in the process, to ensure a free and fair poll.

Kenyan vice-president George Saitoti (left) dances with his wife during a Kanu rally in the village of Ngong yesterday

Ghanaians today elect their first parliament since 1981 but an opposition boycott will hand President Jerry Rawlings a hollow victory, Reuter reports from Accra. Three pro-Rawlings parties and a dozen independents were left to compete for the 200-seat assembly. "That will...put in place a one-party, rubber-stamp parliament with no credibility," said Mr Kwesi Pratt, a radical opposition activist. Ghana's three main opposition parties announced the boycott this month in protest at what they said was wholesale rigging in the November 3 presidential elections. Mr Rawlings was declared winner with more than 58 per cent of the vote. Foreign observers said the result was broadly fair but agreed that the electoral register was over-sized.

US carrier diverted towards Gulf

THE US is dispatching the aircraft carrier Kitty Hawk from Somali coastal waters to the Gulf in response to Iraqi attempts to penetrate a no-fly zone over southern Iraq, AP reports from Washington.

Normally the US has had a carrier stationed in the Gulf-Arabian Sea area but none has been present since the build-up of US forces in Somalia began earlier this month.

Pentagon officials said yesterday the Kitty Hawk would arrive in the next day or two, with about 70 combat aircraft aboard along with 5,500 troops.

President George Bush and President-elect Bill Clinton say they are united in a determination to enforce the UN-imposed no-fly zone, and that it would be a mistake for Iraqi President Saddam Hussein to test their resolve.

Saddam's air defiance is sharp reminder of Gulf volatility

By Roger Matthews

THE challenge by President Saddam Hussein on Sunday of the air exclusion zone over southern Iraq, during which one of his fighter aircraft was shot down by an American F-16, serves as a sharp reminder to President-elect Bill Clinton of how volatile the Gulf region remains.

Two incursions by the Iraqi fighters within the space of an hour on Sunday were the first serious challenges to the allied policing of the no-fly zone since it was imposed four months ago with the aim of protecting the southern Shia population from further attacks by Baghdad.

The Iraqi leader may have calculated that the threat of a US air strike against his regime has diminished during the final days of the Bush administration and that he can afford to test the resolve of the US, Britain and France to keep aircraft based in the Gulf. There have also been reports recently of growing food shortages and rising inflation in Baghdad and President Saddam could additionally be seeking to divert local discontent.

He will also be looking to fuel Gulf tensions provoked by this year's rash of territorial conflicts, headed by Iran's claims to sovereignty over Abu Musa, close to the Strait of Hormuz, and the Greater and Lesser Tumbs. The United Arab Emirates has taken the issue to the United Nations.

The already widespread concern among Arab countries at the threat of Iraq being, in effect, divided into three would be further fed by the prospect of a more assertive Iran. Iraq's military aircraft are also banned from flying over the north of the country, beyond the 36th parallel, in order to offer protect to the Kurdish population.

Both Mr Bush and Mr Clinton have stressed that the enforcement of the air exclusion zone was part of the package of measures taken to ensure that Iraq complied with the UN Security Council resolutions passed at the end of the Gulf war.

Baghdad and other Arab capitals will doubtless contrast the lengths the US and its allies will go to ensure Iraqi compliance and the attitude adopted towards Israel following its rejection of Security Council resolution 799 demanding the return of 415 Palestinians deported from the West Bank and Gaza to southern Lebanon.

Mogadishu applauds end of 'green line'

LEADERS of Mogadishu's two warring factions united in peace moves yesterday, soon after US Marines had shot dead a Somali in a clash near the city's airport, Reuter reports from Mogadishu.

More than 10,000 people waving branches symbolising peace celebrated the dismantling of the "green line" war boundary which has divided Mogadishu for more than a year. "We have had enough lessons from the civil war," said a resident as warlords Gen Mohammed Farah Aideed and Ali Mahdi Mohammed, smiling broadly, shook hands to the crowd's applause.

A force of 260 US and Canadian troops swooped in by helicopter yesterday to secure the town of Belet Huen, the last of eight centres secured to extend famine relief to outlying areas.

Khmer Rouge defiant over peace plan

By Victor Mallet in Bangkok

CAMBODIA'S Khmer Rouge guerrillas, shrugging off pressure from Thailand and economic sanctions imposed by the United Nations Security Council, yesterday refused to rejoin the UN peace plan for Cambodia.

After talks in Bangkok with Mr Khieu Samphan, nominal Khmer Rouge leader, Mr Prasong Soonsiri, the Thai foreign minister, said he saw no change in the group's position.

In the face of international criticism of its support for the Khmer Rouge, Thailand has announced plans to implement UN resolutions by stopping oil exports to the guerrillas and preventing the import of logs from Cambodia. Bangkok wants to be seen persuading the Khmer Rouge to abide by the Paris peace accords, which the organisation signed last year but has since repeatedly flouted.

After yesterday's meeting, however, Mr Khieu reiterated Khmer Rouge allegations that Vietnamese forces were still active inside Cambodia and repeated demands that the Supreme National Council – which comprises the four main factions, including the Khmer Rouge – should be given more power.

He also ruled out UN checkpoints inside Khmer Rouge territory to monitor sanctions against the group.

The UN has no evidence to support Khmer Rouge accusations that Vietnamese forces remain in Cambodia in contravention of the peace accords. But to Thailand's embarrassment there have been reports of Thai soldiers – other than those serving with the UN – inside Khmer Rouge-controlled Cambodian territory.

Rao defends takeover of Ayodhya site

By Shiraz Sidhva in New Delhi

MR P V Narasimha Rao, the Indian prime minister, yesterday defended his government's decision to acquire the disputed holy site at Ayodhya, northern India, saying that two separate trusts would be charged with building a temple and a mosque there.

The Faizabad district administration yesterday allowed Hindu pilgrims to worship at a makeshift temple built by militants after they destroyed the 400-year Babri mosque on December 6, prompting countrywide riots which left more than 1,200 dead.

The decision to take over the disputed site, and then empower the local authorities to decide whether or not to permit worship, has been criticised by opposition parties and Moslem leaders.

The Babri Masjid Movement Co-ordination Committee said the district authorities' decision to allow worship of the idols while a lawsuit on behalf of the Hindu community was under hearing by the Allahabad High Court "amounted to granting legitimacy to an act of vandalism and to a flagrant contempt of the court".

The Hindu Bharatiya Janata party, welcomed the decision to allow worship but said trusts to build the temple were "no conclusive solution".

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Japanese opposition chief seen as failing to attack LDP

Tussle starts for leadership

By Robert Thomson in Tokyo

THE Social Democratic party of Japan, the country's largest opposition party, yesterday began the difficult process of choosing a new chairman to replace Mr Makoto Tanabe, who resigned in the face of criticism that he failed to attack the ruling Liberal Democratic party.

The SDPJ, formerly known as the Japan Socialist party, has been unable to capitalise on the weakness of the LDP even though Mr Kiichi Miyazawa, the prime minister, has a public approval rating of only 14 per cent as measured by newspaper opinion polls.

Mr Tanabe, a right-winger, was condemned by younger SDPJ members for allowing close personal ties to Mr Shin Kanemaru, the "godfather" of the LDP, to undermine opposition attacks against the ruling party's links to gangsters and its involvement in an illegal donations scandal.

The most likely successor is Mr Sadao Yamahana, 56, a left-winger and secretary general for the past year, who announced his candidacy yesterday and is hoping other factions will agree that he should take the post, avoiding the need for a potentially embarrassing vote by party members.

Mr Yamahana, like Mr Tanabe and before him Ms Takako Doi, will face the painful task of dragging the party towards the middle ground, and providing Japanese voters with a genuine alternative to the scandal-tainted LDP.

"We must build a political party suitable for a new era," Mr Yamahana said. "I hope to play a role in building the new party."

Similar statements were frequently made by Mr Tanabe, but his reform attempts were blocked by the more ideological members of its extreme left wing, which supports the dictatorship of Kim Il Sung in North Korea and does not recognise the Japanese defence forces.

● The Japan Communist party yesterday expelled its former chairman, Mr Sanzo Nosaka, 100, for falsely accusing his then colleague, Mr Kenzo Yamamoto, of spying, leading to his execution in Moscow in 1939. The decision, not contested by Mr Nosaka, followed a study of newly opened archives in Russia.

Utility cuts connection charges while claiming to discourage power station business

British Gas discounts anger other suppliers

By Deborah Hargreaves

BRITISH Gas has been offering *huge discounts on the cost of* connecting gas-fired power stations to its pipeline network while claiming publicly that it is discouraging power station business because of a lack of gas.

The discounts have angered independent gas suppliers, which accuse the company of making it almost impossible for competing pipelines to be built.

Independent power generators say that, in negotiations, British Gas will often agree to offset half or more of the cost *of connecting a new power station* to its national gas supply grid – a saving for the generator of £10m or more which British Gas would expect to recoup *in future gas sales.*

At the same time, British Gas says it has tried to restrict gas sales to the power generation market by putting up the price of gas.

The controversy over pipeline charges is one of the reasons Sir James McKinnon, director-general of Ofgas, the industry regulator, has called for British Gas's pipelines operation to be sold.

*Sir James said recently effec*tive competition would not be introduced into the UK gas market until British Gas's transportation and storage arm was in separate hands.

Ofgas says British Gas's current practice of offering allowances towards the cost of generators' pipeline connections defies market logic. "This is a very murky area at the moment, and it is not clear to us that these marketing allowances offered by British Gas are properly costed," said Mr Greg McGregor, at Ofgas.

There seems to be some confusion at British Gas over the incentives. Mr Philip Rogerson, the company's managing director of finance, was not aware *they were on offer.* "I would find it astonishing if we did that," he said.

"How can we expect to compete when they're offering such huge discounts?" said Mr Norman Ellis, managing director of Kinetica, an independent supply company which has built the only rival pipeline. He claims that British Gas's behaviour is predatory pricing.

The Monopolies and Mergers Commission is currently reviewing British Gas after a row between the company and its regulator over an appropriate rate of return for its pipeline business.

British Gas has insisted it needs a rate of return of at least 6.8 per cent while Sir *James believes it should be* between 2.5 per cent and 5 per cent.

British Gas has tried to distance itself from the power generation market since it put up the price of gas to generators in March 1991 in order to choke off orders. Sir James forced the company to lower its prices.

In recent evidence to Commons Trade and Industry committee the company said its regulator had forced it to supply gas to four more gas-fired power stations than it had wanted to.

Sir James has maintained that British Gas set its initial price for power station supplies at "incorrectly low levels". He *told the select committee that* the company's pricing policy had "created a demand for gas for electricity generation that might not otherwise have been economically justified".

Britain in brief

BA insists it will pursue court case

British Airways insisted yesterday it would meet Virgin Atlantic in court over a libel action launched by its smaller rival, in spite of speculation that there might be an *out-of-court settlement.*

Mr Richard Branson, Virgin chairman, initiated the action, which is due to start on January 11, after BA denied his allegations of "dirty tricks" and unfair practices. BA is also suing Virgin over the allegations. Virgin said: "We will definitely be in court on January 11 and we will not accept an out of court settlement." BA said: "We expect to be in court when the case starts."

No upturn for food groups

Fewer than half of Britain's larger food, drink and consumer goods manufacturers and their suppliers said they had noticed an upturn in demand by the middle of this month, according to a survey by Nielson, the market research company. Almost half of those which had experienced no recovery expected one to start in the first or second quarter of next year. A quarter said they expected no improvement until 1994.

Housing shift

Tax concessions and other incentives may be introduced to encourage financial institutions to invest in housing for rent, Sir George Young, housing minister, said yesterday.

Promoting the private rented sector marks a shift away *from Tory rhetoric* in favour of home-ownership of the 1980s.

Scotland review

The results of the government's "taking stock" exercise on Scotland are to made public early in the New Year, Lord Sanderson, Scottish Tory party chairman, said.

After the general election, Mr John Major pledged to to address Scottish grievances and give Scots a greater sense of belonging within the UK.

Lamont urges confidence and pride in manufacturing

By Alison Smith, Daniel Green and David Goodhart

MR NORMAN Lamont, chancellor, today makes a *renewed effort to contribute to* creating an economic upturn by insisting that British manufacturing performance should be "a source of confidence and pride".

His comments are the latest in a series of occasions used by ministers to encourage British industry to capitalise on the opportunities offered by the fall in interest rates and the change to a floating exchange rate since sterling left the European exchange rate mechanism in mid-September.

Mr Lamont, attacking those who were "too quick to run Britain down", says that the recession hid positive trends in manufacturing but international comparisons showed British manufacturing is well-placed to take advantage of an upturn in the world economy.

In the foreword released ahead of the publication of a Tory research department pamphlet on Britain's manu*facturing record.* Mr Lamont says the economy abounded in "self-denigrating myths": although manufacturing now accounts for a smaller proportion of national income and employment than it used to do, this is not evidence of decline, but of productivity gains.

Mr Gordon Brown, shadow chancellor, condemned Mr Lamont as "complacent and arrogant" for his comments, when manufacturing output had been growing more slowly since 1979 than in any other leading industrialised country, and 650,000 manufacturing jobs *had been lost since the reces*sion began.

A survey from Manpower, the employment services company, *also showed generally* gloomy employment prospects, but said that job losses in manufacturing have stabilised and the clothing sector is even set to start recruiting labour.

The survey of 2,000 companies found 10 per cent forecasting job increases and 26 per cent expecting further job losses. The net balance of 16 per cent of employers forecasting job losses is worse than the first quarter of 1992 when the figure was 12 per cent.

Banking remains the worst affected sector with a net 36 per cent of employers predict*ing job cuts compared with* 23 per cent in the first quarter of 1992.

The manufacturing sector is *less pessimistic with a balance* of only six per cent of employers predicting job cuts. In insurance a net six per cent of employers expect to recruit.

The housing market should begin *a gentle recovery from the* spring, but further measures might be needed to stimulate low levels of demand and help householders with negative equity - where the value of the property is less than the amount borrowed – according to a report published today.

In a review of the market during 1992, the Halifax Building Society says house prices have recently been slipping by about 0.5 per cent to 0.7 per cent each month. It says these falls could continue over the winter months, but prices should stabilise from the spring.

Some increases are likely in the second half of next year and activity is forecast to rise by 10 per cent to 15 per cent from the depressed levels this year when about 1.1m house moves took place. Halifax based its forecast on the affordability of houses, which as cheap now as at any time in the past 10 years.

Retailers relieved as shoppers throng to sales

By John Thornhill, Chris Tighe and Peter Norman

SHOPPERS streamed into the shops yesterday in one of the *most hectic starts to the winter* sales season for years.

The AA said several city centres ground to a halt because of the weight of traffic. There was a six-mile tailback on the M25 London orbital ringroad as drivers queued for the Lakeside shopping centre, in Essex.

More than 150,000 shoppers turned up at the Meadowhall shopping centre near Sheffield. A similar number thronged the MetroCentre in Gateshead and there was a six-mile queue in both directions on the M1 near Sheffield.

In London, Oxford Street was at a standstill because of illegally parked cars. Mr Tim Daniels, chairman of the Oxford Street Association, said yesterday was "the best start to the winter sales for many years".

Traffic came to a stop as car parks overflowed in Southampton, Oxford, Cardiff, Swansea, Leeds, Birmingham and Glasgow. "Three days of boredom *and people can't wait to get out* and spend some money," said Mr Albion Small, manager of the new Cornmill shopping *centre in Darlington, Co. Dur*ham.

Heavier household goods, such as washing machines, carpets and furnishings appeared to be selling especially strongly. *In Liberty's* flagship Regent Street store, four carpets reduced to £2,400 were sold in the opening 40 *minutes. A large contingent of* shoppers from mainland Europe took advantage of the pound's relative weakness and added to the dense crowds in London's West End.

Mr Tim Daniels, managing director of Selfridges, said the Oxford Street store had been so full of shoppers that staff had *to switch off some escalators to* control the crowds. "I have been here 12 years and I have never seen it like this before."

Mr Tony Salem, managing director of Liberty's, said: "It *looks as though this year's sale* really will be a record." Liberty's estimated sales were running about 10 per cent ahead of *the previous year, he said.*

The crucial question for retailers and the government will be whether the strong *sales signify the beginnings of* a real economic upturn or simply reflect increasing consumer sophistication.

The strength of consumer demand will be an important factor determining the shape of the March Budget which Mr Norman Lamont, chancellor, will discuss with senior Treasury officials at Chevening in Kent on January 8 and 9.

The Treasury has been drawing comfort from recent retail sales figures. They have been one of the better performing economic indicators – rising 0.7 per cent in volume after seasonal adjustment in the three months from September to November compared with the June to August period. Just before Christmas, news of a 29 per cent jump in new car sales in the first 20 days of December was a further pointer to recovery.

There are hopes that consumer confidence will strengthen further because of falling mortgage rates. The cut in bank base rates to 7 per cent from 10 per cent since September will have its full impact in the first four months of next year *when those building soci*eties and banks which adjust mortgage rates annually change their rates. However, *unemployment is expected to* rise above 3 million in the months ahead as recent redundancies are reflected in official figures.

Bargain hunters yesterday at Selfridges department store in London's Oxford Street

THE WEEK AHEAD

ECONOMICS

US consumer data expected to show rising confidence

THE US is showing the world that its work ethic is intact by pumping out economic data in a week when most other countries are still taking an extended holiday between Christmas and New Year.

Today's figures on consumer confidence from the Conference Board are expected to show a continued upward trend in December, following strong growth after president-elect Bill Clinton's victory in November.

MMS International, the financial information company, reports that the analysts' consensus is for a 70.1 reading on the Conference Board index against 65.5 in November.

However, J P Morgan, which expects an increase to 75, points out it is still a long way from the 100 to 120 range which prevailed for several years before the recession began in mid-1990.

Other indicators meriting attention will be tomorrow's new home sales and the report of purchasing managers in Chicago, where a rise is expected in December. On Thursday, analysts will be looking at the figures for US factory orders in November.

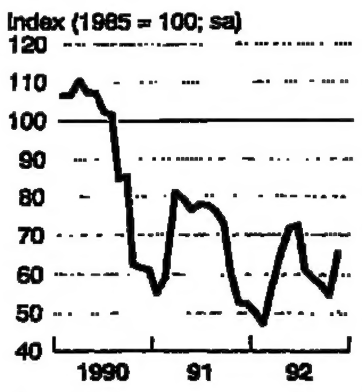
The November figures should give some insight into whether Mr Clinton's victory has been followed by any recovery in demand for capital goods. On balance, US economists expect a slight decline.

The main economic events and figures published this week follow. The figures in brackets are the median of economists' forecasts provided by MMS International.

Today: US, December Conference Board consumer confidence (70.1), November existing home sales.

US consumer confidence

Index (1985 = 100; sa)



Source: Reuters

Tomorrow: US, November leading indicator (up 0.7 per cent), new home sales (625,000). Chicago purchasing managers index. France, November final consumer price index. Japan, last trading day of 1992 for the stock exchange.

Thursday: US, November factory orders (down 0.7 per cent), factory shipments, initial jobless claims for week to December 19, money supply figures for week ending December 21. UK, October energy trends, October engineering sales and orders at constant prices.

Friday: New Year's Day. All markets closed. Denmark assumes EC presidency. Start of European single market. Separation of Czech and Slovak republics.

During the week: Italy, November M2 (up 7 per cent on year), cumulative PSBR including November (L140tr).

Peter Norman

UK COMPANIES

■ **TODAY**
BOARD MEETING:
Interim:
Whinney Mackay-Lewis.
■ **TOMORROW**
COMPANY MEETINGS:
Greyfriars Inv., Knightsbridge House, 197 Knightsbridge, SW., 12.00
Metro Radio Group, Radio House, Swalwell, Newcastle-Upon Tyne, 3.00.
BOARD MEETING:
Final:
Estates & Agency.
■ **THURSDAYDECEMBER31**
COMPANY MEETING:
Stratagem Group, 20 Fenchurch Street, EC., 12.00.
Company meetings are annual general meetings unless otherwise stated

DIVIDEND & INTEREST PAYMENTS

■ **YESTERDAY**
GKN 6½% Un Ln '88/93 £3.25
GKN 9¾% Gtd Db '91/96 £4.875
Do. 10½% Gtd Db '90/95 £5 25
Do 10¾% Gtd '92/97 £5 375
River & Merc. Geared Cap & Inc. Tst. 1999 1.4p
■ **TODAY**
Abbey Natl Treas. Servs 14% Gtd. Notes 1992 FMk14000
Do. 8¼% Gtd. Notes 1995 C$41.9375
Anglia Bldg. Soc. Fltg. Rate Notes 1996 £113.66
Assoc. News. 6% Exch Bds. 2002 £17.33
Banco Intl. 8⅛% Notes 1995 $4062.50
Bradford & Bingley Bldg. Soc Sub. Fltg. Rate Notes 2001 £2587.35
Britannia Bldg Soc. Sub Fltg. Rate Notes 2008 £2825
Cardiff Automobile Receivables Securitisation Fltg. Rate Notes 1995 £229.99
Chelsea Bldg. Soc. Sub Fltg Rate Notes 1999 £54,523.97
Commonwealth Bk. of Australia 10 year Gtd. Extendible Fltg. Cap Notes $209.85
Elf Enterprise Fin. 8¾% Gtd. Exchangeable Bds. 2006 £218 75
Hillsdown 4½% Cv Bds '02 £45
Jeyes 3.1p
Marubeni Intl. Fin. 6% Bds. 1994 Y6,000,000
Natl. & Provincial Bldg Soc. Fltg. Rate Notes 1998 £114.22
Scandanavian Fin. Fltg. Rate Serial Notes 1993 $106.75
Smith & Nephew 5½% Cv Bds. 2000 $275
Stars 1 Class A Fltg Rate Mtg Backed Secs. 2029 £239 74
Sumitomo Realty & Dev Fltg. Rate Nts. 1997 Y2,912,296
■ **WEDNESDAYDECEMBER30**
Enterprise Oil 10⅝% Nts 1998 £487.80
General Motors Acceptance Corp of Canada Fltg. Rate Nts. 1996 C$704 50
Jersey Phoenix Tst 1 25p
Lloyds Eurofin. 11½% Gtd Bds 1994 $115
London & Strathclyde 4.25p
Morgan Grenfell Equity Inc 2 45p
Northchart Invs. Z$0 09
Narborough Plantations 1p
RTZ ADR $0 633
Slough Ests 11⅝% 2012 £165 4948
SwedBank Sub fltg Rate Nts 2002 $267.51
United Kingdom Fltg Rate Nts 1996 $75.83
■ **THURSDAYDECEMBER31**
Albright Wilson 8% Db '87/92 £4 0
Alexander & Alexander 25cts
Do Class C 16.25p
Alexanders Hldgs. 9½% Cm. Pf 3.325p
Allied Lon Props 10¾% 1st Mtg. Db. 2025 £5.375
Do 11¾% Db. 2009 £5 875
Allnatt Lon. Props. 6¾% 1st Mtg Db 1988/93 £3.375
Do 7½% 1st Mtg Db '90/95 £3.75
AMEC 2p
Do 15% Uns Ln 1992 £7 50
Anglo Eastern Plants 12½% Uns Ln 1995/99 £6.25
Antofagasta (Chile & Bolivia) Railway Co. 4% Perp Db. £2
Antofagasta 5% Cm. Pf 1.75p Asda Prop 5⅛% Cv Cm Rd. Pf 2012 2.5625pc
Asprey 6½% Cm. Pf. 2.275p
Do 9¾% Cm Pf 4 875p
Assoc. Leisure 7½% Un Ln '83/94 £3.75
Avdel 10½% Un Ln '96/98 £5.25
Avon Rubber 4 9% Cm Pf 2.45p
Baltic 7% Cnv Rd Pf 3 5p
Bampton 8¼% 1st Mtg Db '88/93 £4.125
Do 8¼% Uns Ln '02/07 £4 125
Baring Tribune Inv 9⅛% Db 2012 £4.5625
Barings 5¾% 1st Pf 2.875p
Do 7¼% 1st Pf 3.625p
Do 8% 1st Pf 4p
Do 8% 2nd Pf 4p
Barratt Devs 6½% Un Ln '92/97 £3 25
BICC 7¾% Db 1990/95 £3 875
Bluebird Toys 12% Cv Un Ln '05 £6
Blue Circle 7⅝% Cv Cm Pf 3 8125p
BOC 11.6p
Do 4 55% Cm Pf 2.275p
Do. 2.8% Cm 2nd Pf. 1.4p
Do. 3.5% Cm 2nd Pf 1 75p
Boddington 9½% Un Ln 00/05 £4 75
Do 9½% Cv Un Ln '00/05 £4 75
Bodycote 3 75p
Bowthorpe 7% Un Ln '90/95 £3.50
Braime (TF & JH) 5% Cm Pf 2.5p
Brake Bros 1 85p
Bridon 8% Db 1988/93 £4
Do. 10¼% Db 1991/96 £5 125
Do 6⅝% Un Ln '02/07 £3.3125
Do 7¾% Un Ln '02/07 £3 875
Bristol Water 3½% Perp Db £1 75
Do 4% Perp Db £2
Do 4¼% Perp. Db £2 125
Brit Assurance 5% Tax Free Cm Pf 2.5p
Brit Alcan Alum 10½% Db 1989/94 £5.25
Brit Fittings 5.5% Cv Pf 2.75p
Brit Polythene Inds 7½% Cm Cv Pf 3 75p
Brixton Est 5% Cm Pf 0.875p
Do 9 5% 1st Mtg Db '26 £4.75
Do 11¼% 1st Mtg Db '23 £5 625
Do 10 75% 1st Mtg Db '25 £5.375
Do. 9% 1st Mtg Db '92/97 £4 50
Broadstoner 6% Cm Pf 2 1p
Brockhampton 2.2p
Do A Non-Vtg 2 2p
Grunner Inv 5% Cm Pf £1 75
BSG Int. 0.7p
Do. 7% 1st Mtg Db '93/98 £3.50
Do 8¾% 1st Mtg Db '93/98 £4.375
Do. 12½% Un Ln '93/98 £6.25
Burford 10⅝% 1st Mtg Db 2014 £5.3125
Buttins 8% 2nd Mtg Db '92/97 £4
Caird 7p Cv. Rd. Pf. 3.5p
Cakebread Robey 8½% Un. Ln. 1993/98 £4.25
Cap. Counties 4.2% Cm Pf 2.1p
Do. 11¼% 1st Mtg Db '21 £5.625
Do. 9⅞% 1st Mtg Db '27 £4.9375
Do. 9¾% Un Ln '91/96 £4.875
Caradon Mira 7¼% Db '92/97 £3.625
Casket 10.25% Cm Pf. 5 125p
Chartwood Allc. 8¾% 1st Mtg Db. 1995/98 £4 375
Charnos 7% Cm. Pf. 2.45p
Chemical Banking Fltg. Rate Senior Nts. 1999 $45.21
Chester Waterworks 7½% Rd. Db. 1991/93 £3 75
Do. 8% Rd. Db. '92/94 £4
Do. 11⅜% Rd. Db. '98/2000 £5.6875
Chillington 9% Cv. Ln. '99 4.75p
Do. Cv. Uns. Ln. 1999 £4.50
City Site Ests. 7% Cv. Ln. 2005/06 £3.50
Cityvision 8.5% Cv Cm Pf 4.25p
Clydeport 4% Irrd. £2
Do. 3% Irrd. £1.50
Coats Patons 4½% Uns. Ln. '02/07 £2.25
Do.6¾% Un. Ln. '02/07 £3.375
Do 7½% Un. Ln. '90/95 £3 75
Collateralised Mtg. Sec. (No. 8) Mtg. Bkd. Fltg. Rate Nts. 2028 £226.16
Do. (No. 11) Class A Mtg. Bkd. Fltg. Rate Nts. 2028 £223.89
Comben 7¾% Un Ln '92/97 £3.875
Comm Union 8¾% Cm. Irrd. Pf 5.17808p
Contl. Bank $0.15
Contl. Illinois O'seas Fin. Gtd. Fltg. Rate Sb. Nts. 1994 $134.17
Cookson 7% Cm. Pf. 2.45p
Copenhagen Handelsbank Sb Fltg. Rate Nts. 2000 $268.33
Croda Int. 5.9% Cm. Pf. 2.95p
Do. 6.6% 3.3p
Dalgety 8¼% Rd Db '88/93 £4 125
Do 6½% Rd Db '85/95 £3.25
Dana 9% Un Ln 1987/92 £4.50
Dead Sea Works 5% Db. 2002 NIS0.25
Debenhams 7¼% 2nd Db. 1991/96 £3.625
Delta 4 2% Cm. 1st Pf. 2.1p
Do. 3 15% Cm 2nd Pf. 1.575p
Dencora 6.25% Cv Pf 3.125p
Denmark (Kingdom of) 13% Ln. 2005 £6 50
Derby Tst. 7½% Db '99/03 £3.75
Dinkie Heel 0.35p
Diploma 10½% Uns Ln '90/95 £5.25
Eastern Water 7½% Rd. Db. 1990/92 £3.75
Do 10½% Rd Db '95/97 £5.25
Do. 11.2% Rd. Db. '05/09 £5.60
Do. 12½% Rd. Db. 2004 £6.25
East Lancs. Paper 7½% Un. Ln. 1987/92 £3.75
Eccles. Ins Off. 10% Cm. 2nd Rd. Pf. 5p
Edinburgh Inv. Tst. 11½% Db. 2014 £5.75
EIS 3.225p
Do. 5% Cm. Pf. 1.75p
Electric & Gen. Inv. 10.1% Db 1997/2002 £5.05
EMAP 5% Cm. Pf 1.75p
Emess Cv. Rd Pf. 3.125p
Empire Stores 9¼% Db '94/99 £4.625
Englehard $0 15
English Nat. Inv. 9½% Db 1991/96 £4.75
Essex Water 9.625% Rd. Pf. 1993 4.8125p
Ests & Agency 3.5% Cm. Rd. Pf. 1.75p
Do. 11.25% 1st Mtg Db 2020 £5.625
Ests. & Gen. 11.25% 1st Mtg. 2018 £5 625
Everards Brew 5% Cm Pf 1.75p
Evered Bardon 3.85% Cm Pf 1.925p
Do. 7.25p Cv. Rd. Pf. 3.625p
Do. 11.25p Cm Pf 2005 5.625p
Fidelity Euro. Values Equity Indexed-Linked Uns. Ln. 2001 0 9631p
Finlay (J) 4.2% Cm 1st Pf 2.1p
Do. 4.2% Cm. 2nd Pf. 2.1p
Do. 5% Cm. 2nd Pf. 2.5p
First Nat. Fin. 10% Sub. Un. Ln. 1992 £5.00
Fleming American Inv. Tst. 5% Cm. Pf. £1 75
Do. 7% Cv. Un. Ln. 1999 £3.50
Fleming Claverhouse Inv. Tst. 11% Db. 2008 £5.50
Fleming Overseas Inv. Tst. 5% Cm. Pf. 1.75p
Folkestone & Dover Water Services 4% Perp. Db £2
Do. 5% Perp. Db. £2.50
Do. 11½% Rd. Db. 2004 £5.75
Foreign & Col. Inv. Tst. 11.25% Db. 2024 £5.625
Fortnum & Mason 7% Cm Pf 2.45p
Forward 1.3p
Foster (John) 4½% Cm Pf 1.575p
Friendly Hotels 5% Cv Pf 2.5p
Frogmore Ests. 13.85% 1st Mtg. Db. 2000/03 £6.925
Fulcrum Inv Tst Inc Shrs 1.4p
Gartmore Euro. Inv. Tst. 9½% Db. 1991/96 £4 75
Gartmore Value Invs. 0.9525p
Gaskell 5% Cm. Pf. 1.75p
GATX $0.325
Geest 3.7p
Gen. Accident Fire & Life Ins. 7½% Un. Ln 1987/92 £3.75
Do 7¾% Un. Ln. '92/97 £3.875
Gen. Cons. Inv. Tst. Inc. Shrs. 3.36p
Do. Stepped. Pf 1 736p
Gibbs & Dancy 7% Cm Pf 2.45p
Do 8½% Db. 1991/95 £4.25
Glynwed Intl. 7¾% Cm Pf 2.7125p
Gracechurch Mtg. Fin. Mtg. Bkd. Fltg. Rate Nts. 2019 £2328.28
Grahams Rintoul Inv. Tst. Cm. Rd. Stepped. Cap. Pf. 5.25p
Grampian 7% Cm. Pf. 2.45p
Grt. Univ. Strs. 5⅜% Rd. Un. Ln. £2.6875
Do. 6⅜% Rd. Un. Ln. £3.1875
Do. 8¼% Un. Ln. 1993/98 £4.125
Greenacre Cv. Rd. Pf. 1.3125p
Greenalls 5.95% 2.975p
Greyfriars Inv. Co. 4p
GR Hldgs 10.5% 2nd Cm Pf 5.25p
Guardian & Manch. Ev. News 4% Cm. Pf. 1.4p
Guin. Fin. Aust. 10% Gtd. Nts. 1995 £5
Halifax Bldg. Soc. Fltg. Rate Nts. 1998 (Ser. A) £32.37
Hall Eng 5.55% Cm Pf 2.775p
Halstead (J) 5½% Cm Pf 1.925p
Hampson Inds. 8% Uns. Ln. 1988/93 £4
Hartlepools Water 8% Rd. Db. 1992/94 £4
Hawtin 4.55% Pf. 2.275p
Headlam 5.6% Pf. 2.8p
Helene 0.65p
Hepworth Cap Fin. 11.25% Cv. Cap. Bds. 2005 5 625p
Hewitt 10% Cm. Pf. 5p
Hickson Cap. 7% Cv. Cap. Bds. 2004 3.5p
Hickson Intl. 8½% Un. Ln. 1989/94 £4.25
Higgs & Hill 7% Cm. Pf. 2.45p
Hill Samuel Sterling Fixed Interest Fd. Ptg. Rd. Pf. 2.72p
Hillsdown 2.2p
Homer Finance (No 1) Class A Mtg Bkd. Fltg. Rate Nts. 2028 £231.80
Do. Class B Mtg. Bkd. Fltg. Rate Nts. 2028 £278.07
Hunting 4.2% Cm. Pf. 2.1p
IMI 5½% Un. Ln. 2001/06 £2.75
Do. 7¾% Un. Ln. '88/93 £3 875
Ingersoll-Rand 8% Un Ln '88/93 £4
Intl. Inv. Tst. of Jersey 13% Rd. Pf. 6.5p
Jersey Elect 8% Gtd. 2000 £3.20
Jones & Shipman 4.9% Cm Pf 0.6125p
Jupiter Euro Inv Tst 0.5p
Kayser Bondor 5% Cm Pf 2.1p
Kleinwort O'seas Inv Tst 4% Cm Pf. £2
Ladbroke Hotels 10½% 1st Mtg. Db 1994/99 £5.25
Laird 8% Un. Ln. 1988/93 £4
Land Securities 6⅝% Cv. Bds. 2002 £67.50
Lex Service 8½% Sec. Ln. 1992/97 £4.25
Lincoln Nat. 10½% Un. Ln. 1992/97 $0.76
London & Assoc Inv Tst 0.05p
London Park Hotels 10½% 1st Mtg. Db 2000-05 £5.25
LWT 3.9375% Cv. Pf. 2.953125p
Macallan-Glenlivet 6¼% Cv. Un. Ln. 2005 £3.125
Management Ctr. 6% Cv. Un. Ln. 1997 £3
Manganese Bronze 8¼% Cm. Pf. 2.8875p
Marley 11⅞% Db. 2009 £5.9375
Marshalls 11⅜% Db. 1992/2014 £5.6875
Marshalls Universal 7.5% Rd. Pf. 3.75p
Martin Marietta $0.42
Merivale Moore 10½% 1st Mtg. Db. 2020 £5.25
Mid-Kent Water 4% Perp Db £2
Do. 5% Perp. Db. £2.50
Do. 7% Rd. Db. 1991/93 £3.50
Do. 7½% Rd Db '91/93 £3.375
Do. 8% Rd. Db. 1992/94 £4
Do. 12% Rd. Db. 1990/92 £6
Midland Bank 7½% Sub. Un. Ln. 1983/93 £3.75
Do. 10¾% Sub Un. Ln. 1993/98 £5.375
Mid Southern Water 3½% Perp. Db. £1.75
Do. 5% Perp. Db. £2.50
Do. 7¼% Rd Db '91/93 £3.625
Do. 8¼% Rd Db '91/93 £4.125
Do. 10% Rd. Db. 1992/94 £5
Milk Mktg. Brd. Fltg. Rate Nts. 1993 £114.69
More O'Ferrall 10% Cm 2nd Pf 5p
Mowlem (John) 2p
Mucklow (A J) 7% Cm Pf 2.45p
Murray Intl. Tst. 4% Db. £2
Do. 20% Cm. Pf. 1p
NatWest. Bank 9% Sub. Un. Ln. 1993 £4.50
Nationwide Bldg. Soc. Fltg. Rate Nts. 1998 (2nd Series) £32.23
Newey 5% Cm. Pf. 1.75p
News Intl. 7% Cm 1st Pf 2.45p
Do. 8% Cm. 2nd Pf. 2.8p
Newton Chambers 5% 1st Cm Pf 1.75p
Nexus 7¾% 1st Mtg Db '87/92 £3 875
NHL (1) Secs. Gtd. Int. Mtg. Bkd. Fltg. Rate Nts. 2028 £477.82
North East Water 3.75% Rd. Db 2012 £1.875
Do. 8% Rd Db. 1991/93 £4
Do. 8.25% Rd Db '92/94 £4.125
Do. 10.5% Rd Db '92/94 £5.25
Do. 12% Rd. Db. 2005 £6
Do. 12.3% Rd Db '95/97 £6.15
Northern Eng Inds 3% Cm Pf 1.5p
Do. 5.375% Cm. Pf. 2.6875p
Do. 11% Cm. Pf. 5.5p
Do. 7% Uns. Ln. 2000/05 £3.50
Do. 9% Uns. Ln. 1990/95 £4.50
Northern Telecom $0 09
North of England Bldg. Soc. 12⅝% PIBS £6.3125
North Surrey Water 5% Db. £2.50
Do. 7½% Rd Db '91/93 £3.75
Do. 9½% Rd Db '94/96 £4.75
Old Court Currency Fund Ptg. Rd. Pf. (available in A$ Fd.) A$0.34637
Do. Ptg. Rd. Pf. (available in Bfr. Fd.) Bfr34.285
Do. Ptg. Rd. Pf. (available in C$ Fd.) C$0.43894
Do Ptg. Rd. Pf. (available in DFl Fd.) Fl0.8632
Do Ptg. Rd. Pf. (available in DKr Fd.) Dkr8.2599
Do. Ptg Rd. Pf (available in DM Fd.) DM1.67474
Do. Ptg. Rd Pf (available in Ecu Fd.) Ecu0.72736
Do. Ptg. Rd. Pf. (available in FFr Fd.) FFr4.58C93
Do. Ptg. Rd. Pf. (available in HK$ Fd.) HK$1.18827
Do. Ptg Rd. Pf. (available in Lire Fd.) L1814.114
Do. Ptg. Rd. Pf. (available in NZ$ Fd.) NZ$0.59842
Do. Ptg. Rd Pf. (available in S$ Fd.) S$0.:9364
Do. Ptg. rd. Pf. (available in Pta Fd.) Pta115.123
Do Ptg. Rd. Pf. (available in £ Fd.) 45.336p
Do Ptg. Rd. Pf. (available in SFr Fd.) SFr1.05721
Do. Ptg. Rd. Pf. (available in SKr Fd.) SKr6.95519
Do. Ptg. Rd. Pf (available in US$ Fd.) $0.17192
Do. Ptg Rd. Pf. (available in Yen Fd.) Y56 028
Palma 3.5% Cm. Pf. 1.75p
Pearson 8.525% Un Ln '88/93 £4.2625
Do. 9.3% Un Ln '96/2001 £4.65
Do. 13.625% Un Ln 2007 £6.8125
Phillips Fin. 5¾% Stg/Guilder Cv. Rd. Gtd. 1981/94 £2.875
Pittard Garnar 9.5% Cm Pf 4.75p
Plantsbrook 6.75p Cv Pf 1991/2001 3.375p
Portals 5p
Porter Chadburn 8% Cv. Rd. Pf. 1993 4p
Public Service Enterprise $0.54
Quarto 8.75p Pf. 4.375p
Quicks 10% Cm. Pf. 5p
REA 9% Cm. Pf. 4.5p
Do. 12% Cv. Un. Ln. 2000 £6
Record 10% Cm. Rd. Pf. 5p
Regis Prop. 8¾% Gtd. Un. Ln. 1997 £4.375
Renown 5¾% Cv '96 $287.50
Resort Hotels 12.375% 1st Mtg. Db. 2016 £6.1875
Retail Corp 6½% Cm Pf 2.275p
Do. 5¾% Cm. 2nd Pf. 2.0125p
River & Merc. 5% Pf. £1.75
River Plate & Gen Inv Tst 4% Db Irred £2
Robinson Bros 11% Cm Pf 5.5p
Ropner 3.5p
Do A Non-Vtg. 3.5p
Do. 11.5% Cm. Pf. 5.75p
Rotork 9.5% Cm. Pf. 4.75p
Royal Bank of Canada Fltg. Rate Dbs. 2005 $27.45
Royal Bank of Scotland 5½% Cm. Pf. 1.925p
Do. 11% Cm. Pf. 3.85p
Do. Series A Non-Cm. Pf. $0.703125
Do. Series B Non-Cm. Pf. $0.70
Do. Series C Non-Cm. $Pf. $0.59375
Rugby Un. Ln. 1993/98 £3
Do. 7¾% Un Ln '93/98 £3.875
St. Andrews Tst 5¼% Cm. Pf. £1.8375
St. Catherines College, Cambridge, 7% 1st Mtg. Db. 1990/95 £3.50
St. Davids Inv Inc Shs 5.5p
Save & Prosper Return of Assets Inv. Tst. 2.97p
Savoy Hotel 4% 1st Mtg. Perp. Db. £2
Do. 8¼% Mtg Db '91/96 £4.125
Savoy Theatre 4% 1st mtg. Db. £2
SCE $0 70
Schroders 8¾% Un Ln '97/02 £4.375
Scot. Eastern Inv. Tst. 4½% Cm. Pf. £1.575
Scot. Mortgage & Tst. 6%-12% Stepped Int. Db. 2026 £6
Scot. Natl Tst 6% Cm Pf 2.1p
Ship Mort. Fin. 8% Rd. Db. 1991/93 £4
Simon Eng 9¼% Db '92/97 £4.625
Sirdar 7½% Cm. Pf. 2.625p
Slough Ests 11.25% 1st Mtg. Db. 2019 £5.625
Do. 12⅜% Un Ln '09 £6.1875
Sutton District Water 3¼% Db. £1.625
Do. 5% £2.50
Do. 7½% Rd Db '91/93 £3.75
Swire (John) 6.3% Cm. Pf. 3.15p
Sykes-Pickavant 2.25p
Takare 11.8% 1st Mtg. Db. 2014 £5.90
Tendring Hundred Water Serv. 4% Db. £2
Tennessee Gas Pipeline 10% Stg$ Cv. Un. Ln. 1991/95 £5
3i 7¼% A Db. 1989/92 £3.625
T & N 10.1% Mtg. Db. 1990/95 £5.05
Do. 11¾% Mtg Db '95/2000 £5.875
Tootal 4¾% Perp. Db. £2.375
Toronto-Dominion Bank C$0.19
Trafalgar Hse 5.575% Cm Pf 2.7875p
Do. 7% Un. Db. 3.5p
Do. 10¼% Un Ln '01/06 £5 125
Trafford Park Ests 7¾% 1st Mtg. Db. 1990/95 £4.50
Do. 9% 1st Mtg Db '91/96 £4.50
Transport Dev 4.7% Pf. 2.35p
Do. 6¾% Ln. 1989/94 £3.375
Do. 8¼% Ln. 1993/98 £4.125
TR City of Lon. Tst. 11½% Db £5.75
TR Tech. Stepped Pf. 3.038766
Do. Units 12.15506p
TSB Perp. Fltg. Rate Nts. £245 40
UniChem 1.9p
Unigate 6½% Un Ln '92/97 £3.25
Unilever 5¾% Un Ln '91/06 £2.875
Do. 6⅛% Un Ln '91/06 £3.0625
Do. 8% Un. Ln. '91/06 £4
Do. 8¼% Un Ln '91/06 £4.125
Do. 9¼% Un Ln '91/06 £4.5625
UK Prop 8½% Un Ln '00/05 £4.25
Usher-Walker 5% Cm Pf 1.75p
Waddington 4.2% Cm Pf 2.1p
Do 5.6% Cm. Pf. 2.8p
Warne, Wright & Rowland 8½% Db. 1987/92 £4.25
Watmoughs 8¼% Cm. Rd. Pf 2008 4 125p
Weir 10% Db. 1988/94 £5
Wellman 50% Pf 5p
Wells Fargo Fltg. Rate Sub Nts. 2000 $45.21
Western Deep Levels 12% Un Db 1986/93 R0.06
Western Motor 5½% Cm Pf 1 925p
West Kent Water 4% Perp Db £2
Do. 10% Rd. Db 1993/95 £5
Westland 7½% Cv. Pf. 3 75p
Whirlpool $0.275
Williams 5⅝% Cm Cv Pf 2 8125p
Williamson Tea 6% Cm Pf 2.1p
Wilson (Connolly) 8% Cm. 1st Pf. 2.8p
Do 10 5% Cm 2nd Pf. 5 25p
Wolverhampton & Dudley Brew 6% Cm. Ptg Pf 2.8p
Wood (Arthur) (Longport) 7½% Cm Pf 2.625p
Worcester 10p Cm Rd. Pf 5p
Wyevale Garden Centres 8 5p Cv. Cm Rd Pf. 4.25p
Yorkshire Chems 5% Cm Pf 1.75p
Yorkshire Intl. Fin. Gtd. Fltg Rate Nts 1994 £116.26
■ **FRIDAY JANUARY 1**
Barbados (Gov. of) 13½% Ln 2015 6.75p
Barings 9¾% Non Cm Pf 4 875p
Beauford 7p (net) Cm Cv Rd Pf 3 5p
BICC Cap. Fin. 10.75% Cv Cap 2020 5.41817p
Birm. Corp 2½% (in or after) 1926 £1.25
Do. 3% 1947 £1.50
Do. 3% 1932 £1.50
Do. 3½% 1946 £1.75
Do. Gas Annuities 50p
Do. Water Annuities 50p
Blackburn Corp 3½% Irred £1.75
Do. 4% Cns Db. Irred. £2
Blockleys 6% Cm Pf. 1.05p
Boosey & Hawkes 5½% Cm. Rd. 1st Pf. 1.925p
Do. 7% Cm. Pf. 2.45p
Bowater $0.30
Caird 1.33p
Calgary & Edmonton R'way 4% Db. (2002) £2
Can. Pacific 4% Perp Cns Db £2
Capital Inds. Cv Rd Pf 4p
Coastal Corp. $0.10
Colne Valley Water 3½% Irred. Db. £1.75
Do. 4% Cns. Db. Irred. £2
Do 4% Db. £2
Do. 5% Db. £2.50
Do. 10% Rd. Db. 1996/98 £5
Comm. Union 3.5% Cm Pf 1 75p
Crane Europe 5½% Cm Pf 1.925p
FII 7.7% Cv Rd Pf '95/99 3 85p
Fleming Japanese Inv. Tst. 5% Cm. Pf 1 75p
Fleming O'seas Inv Tst 4½% Perp Db £2.125
Friendly Hotels 4¾% Cv Rd Pf 2.375p
Do. 7% Cv. Rd Pf. 3.5p
Do. 11.125% 1st Mtg. Db. 2015 6.8884p
Fuller, Smith and Turner 4.2% Cm Pf 2 1p
Do. 8% 2nd Cm. Pf. 4p
Grand Metrop. 5% Cm Pf 1.75p
Do. 6¼% Cm. Pf. 2.1875p
GTE $0.455
Hartlepool Water 22p
Hull Corp. 3½% (1st issue) £1 75
Iceland Frozen Foods Cv. Rd. Pf 2.75p
Illingworth, Morris (Saltaire) 4½% Cm. 1st Pf. 1.575p
ITT $0.45
Johnson Group Cleaners 9% Cm. Pf. 3.15p
Kenning Motor 5½% Cm. Pf. 1.925p
Do. 7% Cm. Pf. 2.45p
Kensington & Chelsea (Royal Borough of) 11.15% Rd. 2006 £5.575
Kershaw (A) 8% A Cm Pf 2.8p
Leeds Corp. 2½% Rd. (1927 or after) £2.50
Do. 3% Db (in or after 1927) £3
Do. Irred. £6
Lee Valley Water 4% Irred. Db. £2
Do. 5% Irred. Db. £2.50
Do. 7¼% Rd Db '91/92 £3.625
Do. 7½% Rd Db '92/93 £3.75
Do. 7¾% Rd Db '91/93 £3.875
Do. 8¼% Rd Db '92/94 £4.125
Lilleshall 5% Cm. Pf. 1.75p
Do. 9% Cv. Rd. Pf. 4.5p
Lincoln 3% Rd. (in or after 1919) £1.50
Liverpool Corp. 2½% Rd. (in or after 1923) £1.25
Do. 2¾% Rd. (in or after 1925) £1.375
Do. 3½% £0.875
Lowland Inv. 11¼% Db. 2010 £5.625
Marks & Spencer 7% Cm Pf 2.45p
Marston, Thomson & Evershed 6% Un. Ln. 1993 £3
MEPC 10¾% 1st Mtg Db 2024 £5.375
Mersey Docks & Hbr 3⅝% Irred. Db £1.8125
Do. 6⅝% Rd Db '94/97 £3.3125
Mid-Sussex Water 4% Perp Db £2
Do. 5% Perp. Db. £2.50
Do. 11% Rd. Db. 2012/16 £5.50
Mucklow (A J) 11½% 1st Mtg Db. 2014 £5.75
Murray Income Tst. 4.25% 2.6p
New Brunswick R'way 4% Perp. Cns. Db. £2
Newcastle-Upon-Tyne Corp 3½% Irred. £1.75
Oldham Corp. 4% Db. £2
Paramount Comms. $0.20
P. & O. Steam Navigation 6.75% Cv. Rd. Pf. 3 375p
Photo-Me Intl. 3.1p
Port of Lon. Authority 3% Port of Lon. A 1929/99 £1.50
Powell Duffryn 4⅞% Cm. Pf. 0 83125p
Reading Corp. 3% (1982 or after) £1.50
Reckitt & Colman 5% Cm Pf 1.75p
Renold 6% Cm. Pf. 2.1p
Republic New York $0.25
Rickmansworth Water 4% Mtg. Db. 1907/28 issue £2
Russell (Alexander) 5.75% Cm. Cv. Rd. Pf 2.875p
Saatchi & Saatchi 6% Cv Cn. Ln. £3
Sara Lee $0 29
Savage 6.5% Cv Pf 3.25p
Sears 7% A Cm. Pf. 2.45p
Do. 7½% Cm. Pf. 2.625p
Do 12½% Cm. Pf. 4.375p
Sears Roebuck $0.50
Shopfront Prop Tst. 5.25% Cm. Pf 2.625p
Do 6% Cm Cv. Pf. 3p
Simons 7½% Cm. Pf. 2.625p
Smith (John) (Field Head) 5½% Cm. Pf 1.925p
South Australia 3% Cns. Inscribed (1916 or after) £1 50
Southend Prop. 5½% Cm. Cv. Rd Pf 2.75p
South Staffordshire Water 3% Rd. Pf 1992/2002 4.5p
Do 3½% Perp. Db. £1.75
Do 4% Perp. Db. £2
Do. 5% Perp Db £2.50
Do. 7½% Rd Db '91/94 £3.75
Do. 7⅞% Rd Db '91/98 £3.9375
Do 9¼% Rd Db '98/2000 £4.625
Suffolk Water 4% Perp. Db. (Jan. & Jul.) £2
Do 5% Perp Db (Jan. & Jul.) £2.50
Sunderland Corp 3% Funded Debt £1 50
Do 4½% £2.25
Swansea Corp 3½% £1.75
Tomkins 6 25p Cv Rd Pf 3.125p
Toronto Grey & Bruce Railway 4% 1st Mtg. Bds £2
Town Centre Secs. 9% Cv Un Ln '96/2000 £4.50
Tozer Kemsley & Millbourn Estates 5½% Cm. Pf. 1.925p
West Kent Water 12½% Rd. Db. 1994/96 £6.25
Wrexham & East Denbighshire Water 3½% Cns Db £1.75
Xerox $0 75
Yates (WE) 7½% Cm. Pf 2.625p
Young & Co. Brew 3½% Irred Mtg Db. £1.75
■ **SATURDAY JANUARY 2**
Aberfoyle 8% Cv Un Ln 1995 £4
Assoc. Fisheries 8% Cm Pf 1 4p
Do 4¾% Cm. Pf 1.6625p
BCC 6p
Do 6% 1st Cm. Pf. 2.1p
Do 5½% 2nd Cm. Pf. 1.925p
Bournemouth Water 10¾% Rd. Db. 1995 £5.375
Bristol Water 4% Cns. Db. Irred. £2
Do. 9.8% Rd. Db. 1996 £4.90
Do 10 4% Rd Db '00/02 £5.20
Brit. Empire Securities & Gen. Tst. 10⅜% Db. 2011 £5.1875
Brit. Sugar 10¾% Rd. Db. 2013 £5.375
Bulmer (HP) 8.75% 2nd Pf 4.375p
Do 9.5% Cm. Pf. 4 75p
Bunzl 7% Cv. Uns. Ln. £3.50
Cambridge Water 4% Cns. Perp. Db. £2
Do 9⅛% Rd Db '92/97 £4.625
Do 10% Rd. Db. 1996/98 £5
Do 13% Rd. Db. 2004 £6.50
East Worcestershire Water 7.3% Rd. Pf. 1992/94 1.18p
Do. 10.75% Rd Pf '96/97 1.738p
Do 3% Irred. Db. £1.50
Do 4½% Irred. Db. £2.25
Do 5% Irred. Db. (1924 issue) £2.50
Do. 5% Irred. Db. (1925 issue) £2.50
Do 8% Rd Db. 1991/93 £4
Do 12½% Rd Db '94/96 £6.25
Felixstowe Dock & Railway Pf. Units £2.25
First Debenture Fin. 11.125% Severally Gtd. Db. 2018 £5.5625
Gartmore American Secs 1p
Gencor 6% Pf. R0.06
Hewetson 7% Cm Cv Pf 3.5p
Johnson Group Cleaners 7.5p Cv. Cm. Rd. Pf. 3 75p
Leopold Joseph 3 1p
Lyles (S) 1 35p
Manchester Ship Canal 3½% Perp. 1st Mtg. Db. £1 75
Do 3½% Perp. Db. £1.75
Do 4% Perp 1st Mtg Db £2
Do. 4% Perp 2nd Mtg Db £2
Do. 4% Perp Db. £2
Merchant Retail 8¾% Cv. Un. Ln. 1999/2004 £4 375
Mid Kent Water 9⅞% Rd. Db. 1997/98 £4.9375
Do. 12% Rd. Db. 1993 £6
Do. 12¼% Rd Db 2005 £6.125
Do. 12¾% Rd Db 1995 £6.375
North East Water 10.3% Rd. Db. 1996 £5.15
Portals 6% Cm. Pf. 2.1p
Ranks Hovis McD. 6% Cm. 1st Pf 2.1p
Do. 6% A Cm. Pf. 2.1p
Do 6% B Cm Pf. 2.1p
Rights Issues Inv Tst 8.3488p
Do. 5½% Cm. Pf. 5.5p
Tendring Hundred Water Servs 12% Rd. Db '93 £6
Tops Ests 10¼% 1st Mtg Db 2011/16 £5.125
Wembley 6p Cv. Rd. Pf 3p
West Hampshire Water 4% Db. Perp. £2
Do. 5% Perp. Db. £2.50
Do 11 8% Rd Db '95/97 £5.90
Wrexham & East Denbighshire Water Co. 4.9% Ptg. Pf. 42 45p
Do. 3.5% Ptg. Pf. 41.75p
Do. 7⅞% Rd Pf '96/98 £3.9375
■ **SUNDAY JANUARY 3**
Alida 9.25% Cm Pf '08/13 4.625p
Brit. Polyth. Inds. 9.25% Cm. Rd. Pf. 4.625p

MANAGEMENT: THE GROWING BUSINESS

Charles Batchelor looks at Britain's corporate old-timers and finds the key to success has been in staying true to the core sector in which they started

Firm foundations

Business is transitory. One-third of new firms can expect to fail within the first three years and by year seven, two-thirds will have gone down. Only three out of 10 family-owned companies are reckoned to reach the second generation.

Early companies' law provided for a company to be set up for a particular purpose and then to be wound up when the task was accomplished. There was no intention that companies would last for ever, finding a new role when their original purpose was fulfilled.

Despite the uncertainty of the commercial world some businesses do survive, not just for decades but for centuries. A new guide* to the largest 50,000 companies in the UK compiled on compact disc by Dun & Bradstreet, a business information group, finds no fewer than 258 businesses which are more than 200 years old and more than 3,200 which are at least 100 years old.

The guide tracks businesses by date of incorporation or charter and D&B has amplified this with information from the companies' own archives. Where two organisations vie for seniority in the same field of activity, as do the Cambridge and Oxford University Presses, and the early records are missing, the rankings may remain subject to dispute.

The inevitable question that arises from this league table of corporate old-timers is what has allowed these businesses to survive when the vast majority have succumbed to recessions, deaths among the founding families, takeovers or the simple snuffing out of the entrepreneurial spark.

One common characteristic is that all have stayed true to the core sector in which they started even though many have had to adapt to considerable technological changes.

The oldest company on the list, the Aberdeen Harbour Board started out collecting tithes from shipping in 1136 on the authority of King David I of Scotland. It installed its first crane in 1582, adapted to steam trawlers in the late 19th century and now serves the oil and fishing industries.

John Durtnell (left), chairman of R. Durtnell & Sons, Britain's oldest building company, which has been run by the family for 12 generations. He is pictured with his son, Alexander, and brother, Richard, a director of the holding company, outside Pounds Bridge Manor at Penshurt, Kent, which was built in 1593 and is the earliest known example of the family's work.

Alldays Peacock began in 1650 manufacturing bellows for blacksmiths' forges and foghorns for the Admiralty. Long before mission statements became fashionable the company appears to have decided that its role in life was to "move air". It now makes centrifugal fans for heavy industrial use.

Some of the companies listed owe their survival in their early and most vulnerable years to the grant of government monopolies or privileges. Cambridge University Press owes its existence to the granting by Henry VIII to the university in 1534 of the right to print and sell books. Cambridge and the Oxford University Press (1586) were the only two English presses entrusted by the Crown with the printing of the Authorized Version of the Bible.

Official backing also played an important part in the survival of organisations such as the Post Office, which dates from 1635, and the Bank of England (1694).

The Bank of England was in private ownership until 1946 but owes its pre-eminence to earlier government patronage and its monopoly right, granted in 1844, to issue English bank notes. The privatisation drive of the 1980s may create a wave of new enterprises which will become the long-term survivors in the future.

Private sector banks take up no fewer than three of the top 20 places: Barclays, founded in 1690; Coutts, now part of National Westminster Bank; and the Bank of Scotland which, unlike its English counterpart, is not a central bank. In their early years these banks undoubtedly owed their independence to their entrepreneurial drive – Barclays absorbed 19 other private banks in 1896 – though in recent years governments have had a strong interest in maintaining banking stability.

Most of these large institutions and public corporations have come too far from their entrepreneurial roots to be recognisable as the same organisation. Family-run businesses, by contrast, do retain that link with their past.

Three of the top 21 have been owned and managed by the founding family up to the present day while two more have been under a single family's control for most of their commercial life. R. Durtnell & Sons, a Kent building company, has been run by the same family for 12 generations while Constantine John Folkes, present chairman of the Folkes Group, is the seventh generation to head the business.

Firmin & Sons, makers of military buttons and badges since 1677, was a family-run business until 15 years ago and a member of the family still works in the accounts department.

Mocatta & Goldsmid, gold and silver bullion dealers and now part of Hambros Bank, describes itself as a family partnership and was largely run, between its founding in 1671 until 1957, by just six men – four Mocattas, one Goldsmid and a Hay.

Family ownership is often a cause for dissension but if the founders can disentangle domestic and business concerns and avoid the dangers posed by disaffected younger generations then it can make for longevity.

London is the home of most of the businesses engaged in commerce although its industrial base – now much reduced – is reflected by the presence in the table of companies such as Ede & Ravenscroft, robe makers, and Vandome & Hart, manufacturers of weighing machines. Birmingham and the West Midlands also figure prominently with Alldays Peacock, James Gibbons Format, locksmiths and metal founders, and Firmin & Sons.

Kent scores highly with both Durtnell, based in the village of Brasted, near Penshurst, and Shepherd Neame, brewers of Faversham. (This small north Kent town is also home to the Faversham Oyster Company which dates from the 12th century and lays claim to being the oldest company in the world. It is, however, too small for the D&B listings.)

Founded in 1698 by the mayor of the town, the Shepherd Neame brewery is still based on its original site over a 200-foot deep artesian well. Improved transport networks have meant that industries are less tied to geographical areas than was the case in the 18th and 19th centuries but, like Shepherd Neame, the Old Bushmills Distillery, in County Antrim, continues to owe its character to clear local water. And, just as the Kent brewer has depended over the centuries on local hops, Bushmills has used locally grown barley in the making of its whiskey.

The frenetic mergers and acquisitions activity which characterises the Anglo-American business world may mean that few of today's significant businesses will survive for so long.

The power of family dynasties should not be underestimated however. According to one recent study, more than 70 per cent of all UK companies, listed as well as private, are effectively family-run.

Key British Enterprises. Annual subscription including quarterly updates £1,995. D&B Tel 0494 422000.

Britain's oldest companies

1136 Aberdeen Harbour Board
1534 Cambridge University Press
1586 Oxford University Press
1591 Durtnell, Kent builders
1608 Old Bushmills Whiskey Distillery, County Antrim
1635 The Post Office
1650 Alldays Peacock, industrial fans, West Bromwich
1653 Hays, business services, Guildford
1660 Vandome & Hart, weighing machines, London
1670 James Gibbons Format, locksmiths and metal foundry, Wolverhampton
1671 Mocatta & Goldsmid, gold and silver bullion, London
1677 Firmin & Sons, military accessories, Birmingham
1688 Lloyd's of London, insurance market
1689 Ede & Ravenscroft, wig and gown makers, London
1690 Barclays Bank
1692 Coutts bankers
1694 Bank of England
1695 Bank of Scotland
1698 Shepherd Neame, Kent brewers
1699 Wilton Royal Carpet Factory, near Salisbury
1699 The Folkes Group, open die forging, Stourbridge

Source: Dun & Bradstreet's list of the 50,000 largest UK companies.

Inner cities win easier terms on loan guarantees

The government is to ease the terms of the Loan Guarantee Scheme in inner city areas from next April, writes Charles Batchelor.

It will make the scheme available on more advantageous terms in a larger number of areas and reduce the premiums charged.

At the same time, it will tighten up on other terms of the scheme. It will set a minimum level of £5,000 on the size of loan which can be guaranteed in all areas outside the inner cities and will ban loans in sectors where existing firms may be pushed out of business. This ban applies to the entire country, including inner cities, and covers retailing, hairdressing, taxi and cab hire and motor vehicle repair.

Under the scheme, the government guarantees 70 per cent of loans made by banks to businesses which do not meet conventional security requirements. In inner city areas the guarantee covers 85 per cent of the loan.

The government has paid out £177m in guarantees since the scheme was launched in 1981 and has made possible loans worth £980m to more than 32,000 small firms.

When the scheme was first launched the banks and the government had to write off many loans and the terms of the guarantee were tightened up. Despite the large number of loans made, the scheme has not been popular with many bank managers. It has also been criticised by business support organisations because, far from providing low-cost loans to businesses on the lines of similar schemes in other countries, guarantee scheme funding has been more expensive.

From next April, the 85 per cent guarantee will be extended to include the 31 successful City Challenge areas as well as the 16 task force areas at present covered. The premium payable on new loans in all these areas will be reduced from 2 to 1 per cent.

Outside the inner cities a £5,000 minimum level will be set on loans because small amounts of loan capital are available from other sources. The decision to exclude certain types of business from the scheme has resulted from studies which showed that new start-ups in sectors such as hairdressing simply put existing firms out of business.

Contact bank branches or the Department of Trade and Industry. Tel 071 215 5000.

LEGAL NOTICES

Notice of Appointment of Administrative Receiver
MEECH (INTERNATIONAL) LIMITED
Registered number: 2315499. Nature of Business: Engineers. Trade Classification: 07. Date of appointment of administrative receivers 10 December 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc. Name of Joint Administrative receivers: N J Vooght (office holder number 6339) & C J Hughes (office holder number 2041). Address: Cork Gully, PO Box 262, Orchard House, 10 Albion Place, Maidstone Kent ME14 5DZ.

Notice of Appointment of Administrative Receiver
ROGERS AVIATION LTD
Registered number: 696406. Nature of Business: Dealing in aircraft and general aviation maintenance. Trade Classification: 29. Date of appointment of administrative receivers 11 December 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc. Name of Administrative receivers: Christopher John Hughes, Cork Gully, St Andrew's House, St. Andrews Street, London EC4A 3AD, Robin Michael Addy, Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge, CB3 0BL. Joint Administrative Receiver Office Holder Numbers: 2041 and 1031.

Notice of Appointment of Administrative Receiver
MEECH (TECTONICS) LIMITED
Registered number: 1727582. Nature of Business: Engineers. Trade Classification: 07. Date of appointment of administrative receivers 10 December 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc. Name of Joint Administrative receivers: N J Vooght (office holder number 6339) & C J Hughes (office holder number 2041). Address: Cork Gully, PO Box 262, Orchard House, 10 Albion Place, Maidstone Kent ME14 5DZ.

Notice of Appointment of Administrative Receiver
IBC INTERNATIONAL LIMITED
Registered number: 2309707. Nature of Business: Engineers. Trade Classification: 07. Date of appointment of administrative receivers 10 December 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc. Name of Joint Administrative Receivers: N J Vooght (office holder number 6339) & C J Hughes (office holder number 2041). Address: Cork Gully, PO Box 262, Orchard House, 10 Albion Place, Maidstone Kent ME14 5DZ.

BOSTON ARGENTINE INVESTMENT FUND, SICAV
Société d' Investissement a Capital variable
RC Luxemborg B 39909
41 Boulevard Royal
Luxembourg

NOTICE OF MEETING

Notice is hereby given to the shareholders of BOSTON ARGENTINE FUND, SICAV that an extraordinary shareholders' meeting shall be held, before notary, at the registered office of the Company, 41, Bld Royal, Luxembourg on January 8, 1993, at 14.30 local time with the following agenda:

1. Amendment of Article 3 first sentence of the Articles of Incorporation of the Company to be recorded as follows:

   "The object of the Fund is to place the funds available to it in transferable investment risks and affording its shareholders the results of the management of the Fund's portfolio".

2. Amendment of Article 5 paragraphs 1 and 4 of the Articles of Incorporation to substitute the reference to article eighteen by a reference to article seventeen.
3. Amendment of Article 5 paragraph 7 to be reworded as follows:

   "Shares are issued in registered book entry form only".

4. To delete the paragraph 8 Article 5 of the Articles of Incorporation.
5. To delete the Article 6 of the Articles of Incorporation.
6. Renumbering of the subsequent articles of the Articles of Incorporation.
7. Amendment of Article 12 of the Articles of Incorporation to provide for powers of the Board of Directors to decide about the type of securities eligible for investments and to comply with the investment restrictions provided for by Part I of the Law of March 30, 1988.
8. Amendment of Article 17 paragraphs 2 and 3 of the Articles of Incorporation to substitute the reference to article eighteen by a reference to article seventeen.
9. Amendment of Article 17 paragraph 6 of the Articles of Incorporation to be reworded as follows:

   "Any request for redemption of shares must be filed by such shareholder in irrevocable, written form addressed at the registered office of the Fund in Luxembourg, or at the office of the person or entity designed by the Fund as its agent for the redemption of shares".

10. Amendment of Article 18 Paragraph 2 line 4 of the Articles of Incorporation to replace once a month by "twice a month".
11. Amendment of Article 18 paragraph 6 of the Articles of Incorporation to be reworded as follows:

    1) Securities listed on an official stock exchange or traded on another regulated market which operates regularly and is recognised and open to the public in Argentina, EEC or OECD countries are valued on the basis of the last known sales price. If the same security is quoted on different markets, the quotation of the main market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good faith by the Board of Directors or its delegate with a view to establishing the probable sale price for such securities;

    2) unlisted securities are valued on the basis of their probable sales price as determined in good faith by the Board of Directors or its delegate;

    3) liquid assets are valued at their nominal value plus accrued interest.

12. Amendment of Article 18 paragraph 10 of the Articles of Incorporation to be reworded as follows:

    The percentage of the total value of the net assets to be allocated to each class of shares shall be determined on the establishment of the Fund by the ratio of the shares issued and outstanding in each class to the total number of shares issued, (it being understood that the per share value of each class of shares) and shall be adjusted subsequently in connection with the distributions affected and the issue and redemption of shares as follows:

    1) On each occasion, when a distribution is affected on Class A shares, the Net Asset Value of the shares in this class shall be reduced by the amount on the distribution (causing a reduction in the percentage of the total value of the net assets allocated to the shares of this class), whereas the Net Asset Value of Class B shares shall remain unchanged (causing an increase in the percentage of the total value of the net assets allocated to Class B shares);

    2) On each occasion, when shares are issued or redeemed, the total value of the net assets allocated to each class of shares shall be increased or reduced by the amount received or paid out and the percentage of the total value of such net assets allocated to such class shall be adjusted accordingly.

13. Amendment of Article 19 paragraph 1 of the Articles of Incorporation to substitute the reference to article eighteen by a reference to article seventeen.

The resolutions may be passed with a minimum quorum of 50% of the issued capital by a majority of 2/3 of the votes cast at he meeting.

The shareholders on record at the date of the meeting are entitled to vote or give proxies.

Proxies should arrive at the registered office of the Company at least 48 hours before the meeting.

By Order of the Board of Directors

CONSTRUCTION CONTRACTS

£60m science laboratory

RMJM has produced a "trend-setting" design for a building for the Ministry of Agriculture Fisheries and Foods's £60m central science laboratory at Ryedale, near York.

The construction contract for the 40,000 sq metre campus has been awarded to LAING CONSTRUCTION and HADEN YOUNG. Work will commence in the New Year and completion is scheduled early in 1996.

The RMJM team of architects, engineers and planners has come up with a novel approach to providing flexible laboratory buildings by placing mechanical, electrical and drainage services on the perimeters of the buildings. "The idea has been tried in one or two places, but this is the first time it has been applied wholesale on a group of laboratory buildings in the UK", said RMJM's project director Mr Alan Crawshaw.

The design locates major plant, such as bulky air handling units, at roof level in link blocks which run at right angles to the laboratory blocks. The roof spaces over the laboratories contain the ducts for air handling, which are then fed down the exterior of the two-storey buildings to first and ground floor laboratories. The result is standardised structures with an 80 sq metre grid which can be used for anything from office space to a chemistry laboratory. The design has the additional advantage that it eliminates conventional ground ducts and space consuming risers, which are inflexible and expensive to replace.

Infantry barracks at Aldershot

The Secretary of State for Defence has recently placed a £14.9m order with BALFOUR BEATTY BUILDING to construct an infantry barracks with supporting services for the British Army at Aldershot. The work, which is scheduled for completion in October 1994, will involve the construction of living accommodation, recreational facilities and stores.

The company has also won a £7.9m contract to construct a magistrates' court in Hammersmith, west London.

The work, for the receiver of the Metropolitan Police, will involve the construction of a three-storey concrete-framed building. It will be built on piled foundations and have a total floor area covering over 6,775 sq metres.

Work has begun on the design and construction of a twelve level car park for NIG Sheridan Properties in Cardiff. The £2.2m contract is due for completion in September 1993.

The company has also received a £1.5m order from the Welsh Health Common Services Authority for the construction of a part single and part two-storey building at Pontypool and District Hospital which is required for the mental health unit.

Major housing association project

Contracts worth around £6m have been awarded by South Thames Housing Partnership (STHP) to housebuilder COUNTRYSIDE PROPERTIES. The award is the first stage by STHP in its three-year project to provide south London with 1,500 new homes at an anticipated cost of £92m – this is believed to the UK's largest programme to provide affordable rented housing, mainly for families.

This stage of the development will provide 163 homes; 35 at Sheepwalk, Shepperton; 61 at Spring Park, Croydon; 43 in Highcombe, Charlton; and 24 in Wings Yard, Sutton. Building will commence immediately after Christmas with the first tenants due to take up residence by the end of 1993. Tenants will be referred by their own local authorities in each area.

Upgrading trunk road in north Wales

LAING CIVIL ENGINEERING has been awarded a contract, worth about £7m, by the Welsh Office for the Aber section of the A55 trunk road in north Wales.

The proposed works comprise a 2.4km improvement to dual carriageway standard of the A55 trunk road north of Aber in Gwynedd.

The new route connects with the western end of the Llanfairfechan bypass. From this point the road follows an alignment similar to the existing corridor towards the west and connects with the dual carriageway 300 metres west of University College farm. Work finishes in 1994.

Materials recycling in Milton Keynes

The regional business of TRAFALGAR HOUSE CONSTRUCTION has been awarded four contracts worth almost £6m.

The largest is a £2.5m contract for a materials recycling facility for the Milton Keynes Borough Council.

The work involves constructing a steel frame building containing concrete storage bins and two 50 tonne weighbridges with a gatehouse in the Old Wolverton area.

A £1.2m cold storage facility, steel framed with insulated cladding will be built at Dairy Crest's Crudgington Creamery in Telford.

New housing association work worth £1m will be carried out in Guildford. Work involves building 23 houses and flats and refurbishing three properties for the Downland Housing Society.

In Scotland, Trafalgar House Construction has been awarded a £1.2m contract to construct an intercepting sewer at Greenock in Strathclyde.

Developing residential housing

The partnership division of ST GEORGE has signed contracts worth £10m with a number of London-based housing associations.

The projects in Brixton, Hounslow, Hampton and Battersea will provide residential accommodation for shared ownership or for rent. The developments are due to be completed by autumn of 1993.

Warehouse buildings

MORRIS AUTOMATION of Loughborough has received an order for £5m from AH Al-Zamil of Saudi Arabia to construct automatic warehouses for the Arabian American Oil Company (Aramco).

Aramco is constructing warehouses for its Dhahran and Ras Tanura facilities to hold spare parts, strategic stores and pipework. Eight Morris automatic stacker cranes will be installed at the sites during 1993.

Hong Kong scheme

TILDEN INDUSTRIES has signed a contract in Hong Kong for the Airport Platform Contractors - Joint Venture.

The project, worth about £850,000, comprises 16 buildings consisting of accommodation units, canteen, laundry, toilet blocks, generator house and recreation buildings, totalling 8,000 sq metres.

Housing Londoners

The construction division of the BUXTON GROUP has secured new contracts valued at £11.5m, two thirds of which were negotiated. They include the construction of 92 houses and flats in Tottenham for the Family Housing Association in a deal worth £3.55m.

Paris proved a happy hunting ground, with Henry Moore, above, and Picasso still lifes, right

The elite of the art world is still blinded by ideas

William Packer sorts out the good from the bad and the over-esteemed in a difficult year for painting and sculpture

Horrible as it has undoubtedly been in so many other ways, 1992 has not been as bad as it might have been for fine art. There have been difficulties and a few galleries have closed, but reports of the death of Cork Street, that serves so conveniently as the image of London's contemporary art market, have been much exaggerated. One or two have changed hands and names, and a brave new art-bookshop has lately opened, but only one gallery space remains empty, where John Kasmin had stood for so long under the Knoedler banner, and, last summer, made so much noise at his going. The lesson is that confidence built up over decades may be talked away in a few days.

If Cork Street stands for anything, it is surely less for the more outre and challenging expressions of current avant-garde activity than for the solid professionalism of the more established dealers. Such galleries as the Mercury, the Piccadilly, the Redfern and Browse & Darby are all in Cork Street, and have been there since long before the present storm blew up. They may not be doing so very well during this recession, but they are well run, founded on good stock, and they are surviving. Dealing in contemporary art, they are yet hardly likely to supply a winner of the Turner Prize.

If there are villains to be discovered in the present crisis, they must be the banks which, in the heady days of the late 1980s, threw money into yet another market they evidently did not understand, but when they came under pressure, drew back as fast as they had earlier gone in. David Messum and Nigel Greenwood were respected galleries, dealing seriously and sensibly in their different fields and not, it seemed, in terminal crisis. Fischer, faced with terms which it could not accept for a renewed lease, chose rather to close the gallery and deal privately. These are sad losses. The art world's crisis, if crisis it is, has not been altogether of its own making.

But the art market perhaps needed to be chastened. Some higher-flying dealers are still apt to be influenced by uncritically by an international market reputation rather than real quality. Thus to be forced down to earth with a few singed wings is no bad thing. Where have Julian Schnabel, David Salle, Baselitz, Clemente, been this year? *Ou sont les neiges d'antin?* A thoroughly pretentious show of Anselm Kiefier, at d'Offay in midsummer, suggested he too is much over-rated.

By far the worst show of the year for me was the Tate gallery's retrospective of the work of Richard Hamilton, who is to be our standard-bearer and sole occupant of the British Pavilion at the Venice Biennale next summer. In his work, he, more than anyone, stands for the propensity of our art-administrative elite for choosing unfailingly that which is supposedly about ideas, rather than the well-drawn, well-painted, well-made; art which is intuitive in its expression and beautiful in itself.

The Turner Prize, too, was as depressing an affair as ever, more so perhaps for the clear evidence that all criticism visited upon it in previous years had been disregarded. And the Damien Hurst band-waggon rolls on, he of the fish in formaldehyde, his shark at Saatchi's a window-dresser's *coup de théâtre* presented as somehow the creative equivalent of Picasso's "Demoiselles", or "The Night Watch", or "The Last Judgement".

I started by saying this this had not been a bad year. Oh dear.

But the good things have been very good. For sculpture the high spots were Anthony Caro spectacularly installed in the Trajan Markets at Rome, and the most beautiful Henry Moore exhibition to date, in the gardens of the Bagatelle in Paris. At home, Phillip King at the Yorkshire Sculpture Park, and the Peter Randall-Page touring show, which I saw at the Arnolfini in Bristol, were memorable, with the Eduardo Chillida show at Annely Juda a wonderful autumn bonus.

Painting began well with Alan Davie at Glasgow in January, and ends no less so with Paula Rego at the Marlborough; the grossly under-recognised veteran, Norman Blamey, at the Fine Art Society; Patrick Caulfield at the Serpentine; Munch magnificent at the National Gallery and Sickert in splendid pomp at the Academy. In between we have had Allan Ramsay at Edinburgh and the National Portrait Gallery, Otto Dix at the Tate, Juan Gris at Whitechapel, Magritte at the Hayward, Sisley at the Academy, Boudin at the Burrell in Glasgow, and the great Rembrandt exhibition to end its European tour at the National Gallery and the British Museum. We have had Swagger Portraits, Alfred Wallis, John Wonnacott, Bridget Riley, Wyndham Lewis. Abroad there was Leonardo in Venice and Braque at Martigny.

For me the most delightful exhibition was the comparatively modest study at Brighton of Dieppe in its relation to British painters in the modern period. My greatest disappointment was to miss the extraordinary Matisse exhibition in New York: my greatest treat and exhibition of the year, the still-lifes of Picasso, in Paris at the Grand Palais. No, it has not been a bad year.

Blockbusters continue

Every passing year is supposed to bring the international blockbuster exhibition nearer to extinction. Yet in spite of mounting costs and the increasingly restrictive lending policies of the world's museums, the mammoth retrospective seems to be far from dead. 1992 opened with the triumphant Mantegna show at the Royal Academy in London, and ended with the glorious presentation of the work of Matisse at the Museum of Modern Art in New York.

The Mantegna show managed to secure an unexpectedly large number of paintings as well as drawings and prints, and in a theatrical setting at the RA succeeded in conveying a palpable sense of the artistic personality of this austere Renaissance master. The Metropolitan showing was completely different, with fewer paintings presented against brilliant white walls with a number of works in other media helping to place the artist in context.

Another revelation was provided by the gathering of works by Jusepe de Ribera set against scarlet cloth in the imposing vaults of the Castel Sant'Elmo in Naples. The scale, power and intelligence of his urgent, brutal martyrdoms and gory mythologies are lost in reproduction. In his pitch-dark world, raking light is the only sign of salvation and colour comes courtesy of burning coals or flayed flesh. What disturbs even now is that Ribera's protagonists are real people, and his executioners relish their tasks.

Ribera's critical reputation has suffered from the numerous copies and imitations of his work. Jacopo Bassano has suffered even more, thanks to the family workshop churning out Bassanesque night-pieces on a near industrial scale until well into the 17th century. His home town of Bassano del Grappa in the Veneto spent some Lire 1.5bn overhauling its museum in order to present a show, in association with the Kimbell Museum of Art in Fort Worth, which unravelled school and master to honour its most famous son on the the 400th anniversary of his death.

This summer the Uffizi mounted a spectacular show of 15th century drawings, the high point in what was otherwise a disappointing year of exhibitions marking the fifth centenary of the death of Lorenzo the Magnificent. The display of some 187 sheets, in the main selected from its collection of Florentine drawings – like the British Museum show of its holdings of Rembrandt drawings – is yet another reminder of the virtue of celebrating what is already in one's own back yard.

The most unusual treat of the year was the spectacle of Canova's chilly expanses of naked flesh at the Museo Correr in Venice. Among the marble groups and busts, sketches and models amassed from all over Europe were a number of sculptures which gave a unique opportunity to compare the earlier and later versions of the same work, usually to the advantage of the former.

Susan Moore

Detail from Bassano's 'St John the Baptist in the Wilderness'. Old Masters had a good year in 1992 with Mantegna at the Royal Academy and the Met; Ribera in Naples; Florentine drawings at the Uffizi; and Canova in Vencie

Berlin Opera/**Andrew Clark**

The rehabilitation of Busoni

Offenbach was not the only composer to find inspiration in the tales of E.T.A. Hoffmann. Hindemith was another, Busoni a third. And it is to Busoni, least known of the three, that Daniel Barenboim turned in his opening season, just ended, as artistic director of the Deutsche Staatsoper in Berlin. *Die Brautwahl* was Busoni's first completed opera. Since its premiere in Hamburg in 1911, it has been infrequently revived, partly because Busoni's inexperience made for a long-winded text, but also because his music is so hard to classify. This excellent new production is therefore another step in Busoni's rehabilitation in the pantheon of 20th century music.

Die Brautwahl (The Bridal Contest), subtitled "a musical-fantastic comedy", is drawn from a collection of stories Hoffmann wrote shortly before his death in 1822. It follows the bizarre train of events set in motion when the Berlin dignitary Voswinkel decides to marry off his daughter Albertine. Voswinkel's favourite suitor is Thusman, a grotesque old bureaucrat. His rivals are the bright-eyed young artist Edmund Lehsen, with whom Albertine immediately falls in love, and an aristocratic fop named Baron Bensch. But larger forces are at work. The contest is manipulated by two mythical, medieval Jews – the eerily benevolent goldsmith-magician Leonhard and his eternal opponent, the malevolent hobo Manasse – who emerge from the woodwork at every turn, slogging it out for good and evil.

Busoni, who was a bit of a wizard himself, matches this black farce note for note. Mercurial, contrapuntal and full of tricks only a master orchestrator can pull, the score shifts bewitchingly from sunny to sinister whenever the supernatural world impinges on the action. There are lightly-worn melodies and pirouettes, quotations from Rossini and Tchaikovsky, a love duet of intoxicating lyricism and glimpses of visionary ecstasy. It is all very eclectic.

The Deutsche Staatsoper used an edition specially drawn up by the Busoni authority Anthony Beaumont and the stage director Nicolas Brieger. Roughly a third of the original has been cut, leaving just under two hours of music. This is not as extreme as it appears: disappointed by the work's poor reception at its premiere, Busoni sanctioned a heavily cut version for production in Mannheim and the swift succession of scenes hang together convincingly.

The production, designed by Hermann Feuchter and Margit Koppendorfer, matched the fun and dexterity of the music. The setting was updated to early this century, with semi-naturalistic cut-away flats and gauzes and some authentic stage magic. The film sequence giving Thusman's eye-view as he hurtled through the Berlin streets was a *tour de force*, perfectly synchronised with the music. Brieger's intelligent direction helped unravel the complications of the plot, while Barenboim's conducting gave the performance momentum and transparence. But the wind solos did not suggest a major league orchestra.

The two outstanding members of the cast were both experienced German bass-baritones – Siegfried Vogel as Albertine's cigar-smoking father and Oskar Hillebrandt's scruffy, shifty, Schigolch-like Manasse. Roman Trekel (Leonhard) and Robert Swensen (Lehsen) made up for small voices with strong characterisation. Dalia Schaechter, arriving on roller skates, was the agile Albertine, and Peter Kazaras a Mime-like Thusman.

*

Carl Heinrich Graun, Kapellmeister at the court of Frederick the Great in Berlin, composed *Cleopatra e Cesare* for the opening in 1742 of his master's new opera house, now known as the Deutsche Staatsoper or Lindenoper. The work, unperformed for more than two centuries, has been revived as the centrepiece of the theatre's 250th anniversary celebrations. A performing edition was conflated from two hand-written scores – one apparently used by Graun himself, the other Frederick's library copy – which were unearthed in the east Berlin state archives. René Jacobs, a specialist conductor of 18th century opera, was engaged along with his original ensemble, Concerto Köln. The production team was German, the cast young and international. The result was a spectacular success, not least because it showed the theatre to be ideal for pre-Romantic opera.

Graun's music typifies *opera seria* of mid-18th century Germany: a succession of da capo arias, linked by the briefest of recitatives, lacking Handel's dramatic sensibility or Gluck's feeling for words, but making up considerable ground in melodic elegance and coloratura.

Honours are due all round: first to Jacobs and his musicians for breathing so much life into the score – fluent, well-sprung, texturally refined, full of dynamic subtlety. The cast, too, gave almost unalloyed pleasure: no self-serving vocal exhibitionism, stylistic correctness always married to musicality. Lynne Dawson invested Cornelia's arias with palpable feeling. Lentulo and Tolomeo were both tenors – the stylish Jeffrey Francis and a fiery but out-of-condition Curtis Rayam. Cesare was sung by the Italian mezzo Debora Beronesi, who held the stage like a classical god. Cleopatra was the nubile Janet Williams – an operatic Eartha Kitt, more sex-bomb than Egyptian queen, despatching her arias with mesmerising accuracy and aplomb.

Fred Berndt's unfussy staging respected the formality of the music, while creating its own imaginative aesthetic. The decor was built around two motifs – a blue pyramid, shaped like a hollow, triangular staircase, to symbolise Caesar's precarious power, and a transparent pink obelisk symbolising Cleopatra's love. The performance began and ended with drop-curtains based on lithographs from Frederick the Great's time, depicting him and his court in harmony with the ancient Greek and Roman world. His example as patron of the arts serves us well today, and was the rightful inspiration for this glorious performance.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

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Opportunity for extremists

IT WAS always possible, even probable, that acts of extremism would undermine and might eventually destroy the foundations of the Middle East peace process laid in Madrid 14 months ago. The only effective way to reduce that risk was through sustained progress at the negotiating table. There had to be enough diplomatic momentum to raise the eyes and expectations of the region's populations above the daily and mutual abrasions of military occupation and to isolate politically those who most vigorously opposed the process.

The failure of Israel, the Palestinians, Syria, Lebanon and Jordan to progress beyond procedural issues during the eight rounds of negotiations held so far is now bearing predictably sour fruit. Hamas and Islamic Jihad, the two most radical Moslem groups in the West Bank and Gaza, have been responsible for the deaths of six members of Israel's security forces this month and are increasingly seeking to assume the mantle of Palestinian resistance.

Mr Yitzhak Rabin, Israel's prime minister, responded crudely by deporting 415 alleged Hamas supporters, without charge or trial. Lebanon refused to accept them and these men are now abandoned on a frozen hillside, without basic humanitarian care, a testament to the ease with which Middle East leaders can revert to the attitudes and actions which marked the past four decades. The one sure thing is that Hamas will not liberate Gaza and the West Bank for the Palestinians, and Mr Rabin will not find a secure, negotiated future for Israel by taking harsh actions which have been universally condemned by the world community, specifically by UN Security Council resolution 799, and which simultaneously inflame opinion in the occupied territories.

PLO squeezed

The Palestine Liberation Organisation, denied from the outset any formal role in the peace process but in effective control of the delegation to the Washington negotiations, is squeezed ever more painfully between Israel and Hamas. Its diminished leadership will lose more ground among its own constituents if it resumes talks without first having achieved something for the 415 deportees, or for the other 600 or so Palestinians arrested at the same time and still in detention. If the PLO decides against going back to the table then it is unlikely that Syria, Jordan and Lebanon will break Arab ranks. In short, the peace process will be stalemated, but not, perhaps, lost.

What it most needs at this low ebb is an act of statesmanship recognised by all sides as a sincere gesture towards compromise and negotiation. Given that no Arab leader currently looks capable of emulating the late Anwar Sadat and that Mr Rabin is politically hamstrung by his rash expulsion orders, it is once again to the US that the region must look for help. Concessions in the Middle East are invariably much easier to make in response to a third party. All those directly involved in the conflict are susceptible to initial requests from President-elect Bill Clinton.

American dimension

Much though the new president may wish to concentrate on domestic issues, the peace process urgently requires the American dimension that it lost from the day that Mr James Baker left the State Department to concentrate on Mr Bush's re-election campaign. Without the enormous commitment of Jimmy Carter, the last Democratic president, President Sadat's visit to Jerusalem in 1977 would not have been translated into a peace treaty. Without the unstinting efforts of Mr Baker, the Madrid conference would never have been held.

Mr Bush has said repeatedly that, having got everyone to the table, he cannot now desire peace more than the negotiating parties. But what an American president can do is provide a more effective framework for negotiations with a demonstration of his own personal interest and the appointment of full-time, specialist conciliators, within or attached to the State Department, who have the political weight to propose compromise solutions. Too much time has already been lost since the Madrid conference; the events of recent weeks have demonstrated once more that extremists in Israel, the occupied territories and elsewhere in the region are always ready to respond to any sense that the tide is beginning to turn back in their favour.

Clinton leads from the front

ANY GOVERNMENT may be more, or less, than the sum of its parts. But, more than most, the one that will be taking over in Washington on January 20 looks as if it will be especially dependent on the man who heads it, President-elect Bill Clinton.

Notwithstanding an unseemly pre-Christmas rush of appointments, and the lack still of a White House staff, his team is an intriguing amalgam. It is made up of old hands and new, Washington veterans and novices, technocrats and thinkers.

As promised, it contains more women and members of minority groups than any before it. It lacks a Republican, which Mr Clinton once said was possible, and its composition pretty much reflects the contemporary US Democratic party, with the conspicuous exception that the old bulwark, organised labour, is not directly represented.

Foreign policy has been principally vested in the experienced hands of Mr Warren Christopher, as secretary of state, and Mr Anthony Lake, as national security adviser in the White House. Neither are turf conscious or power hungry and their relationship should be harmonious, as was the case in the Bush administration, but not in those of presidents Carter and Nixon.

Negotiating skills

The standard criticisms of Mr Christopher, though less of Mr Lake, is that he is not a conceptualist in the Kissinger mould and is too addicted to conventional diplomacy. Yet much the same was said of three of the more successful recent secretaries of state, Cyrus Vance, George Shultz and James Baker. The Cold War may have passed into history, but this, if anything, has increased the role of the US as the remaining superpower. If President-elect Clinton is willing to project American power on a wide variety of fronts, Mr Christopher's negotiating skills will be needed and tested.

Intellectually, the security affairs combination of Mr Les Aspin at the defence department and Mr James Woolsey at the CIA looks formidable. Mr Aspin may be precisely the sort of man to direct the US military through a period of transition under which it must get by on less without sacrificing its capabilities and its technological advantages. He may be more interventionist than both Mr Christopher and his risk-averse service chiefs, which is not necessarily a bad thing.

Wheeler-dealer

The installation of Mr Leon Panetta and Dr Alice Rivlin to run the budget office may turn out to be the most significant of the economics appointments. Both are practically-minded deficit reduction hawks capable of keeping Mr Clinton's similar inclinations on track. Mr Lloyd Bentsen at the Treasury is a consummate wheeler-dealer without pronounced ideology who will need to exercise considerable authority if the much-maligned gridlock in Washington is to be broken.

International economic policies may remain obscure for some time. Mr Bentsen's experience in this domain is limited and his positions on trade sometimes ambivalent. Mr Mickey Kantor, the new trade representative, was chosen for his political skills, not his expertise. Given the fierce rivalry for this position among trade ideologues and the considerable success in the job during the 1970s of another non-expert, Robert Strauss, it is not surprising that the president-elect preferred a neutral choice.

Mr Clinton is also promising to change some of the ways in which government works. His new economic security council in the White House, under Mr Robert Rubin, is designed to give a voice at the policy table to some hitherto under-represented departments. Both Mr Robert Reich as secretary of labour and Mr Bruce Babbitt at Interior are men with a lot of ideas, on industrial retraining and the environment respectively, which at least deserve a full hearing.

But in all this Mr Clinton's role is central. In picking a team better known for the diversity of its views than for any ideological coherence, he has set himself up, quite deliberately, as the active arbiter of the policies of his administration. His talent and appetite for the task should not be underestimated but nor should the immensity of the challenges he has taken on.

Deng Xiaoping, China's reformist leader, is the FT's Man of the Year. **Alexander Nicoll** examines his achievements

Long march to the market

It is only thanks to the political bankruptcy of China's Communist party that Deng Xiaoping can be considered Man of the Year for 1992.

China's new push to open up the world's 10th-largest economy has raised the possibility that it could quickly become a much more potent force. That this could have been triggered by a frail 88-year-old with no official position underlines the country's parallel failure to develop politically.

Through a simple visit in January to the most prosperous, fast-growing parts of the south, Deng sparked a nationwide renewal of enthusiasm for free-market reforms.

From revolving restaurants atop new skyscrapers, Deng surveyed the special economic zones he created in Shenzhen, now hard to distinguish in appearance from Hong Kong across the border, and Zhuhai, close to the Portuguese enclave of Macao. His praise of the achievements there, and exhortation to even faster development, fuelled an economic boom. China's growth rate is about 12 per cent. The world's most populous country is now, therefore, almost certainly to have its fastest growing economy.

Deng's southern visit was part of a carefully crafted campaign against more conservative Communists to further the cause of the reforms he began in 1978. Victory came in October's party congress, with the promotion of reform-minded officials, such as as vice-premier Zhu Rongji, to top executive positions. Deng had done all he could to ensure that his doctrine of free-market development under party control would outlive him.

Since October, Deng has demonstrated his continued dominance – and his darker side – by directing China's furious reaction to modest proposals for democratic representation in Hong Kong by its governor, Chris Patten.

Yet he did all this during the year in which he turned 88. He is in failing health, and holds no posts in government or party.

His principal adversary in this year's battle over economic reforms was 87-year-old Chen Yun. After 43 years of the Communist apparatus and 14 years of "opening to the outside world", the fate of China's 1.1bn people still lies in power struggles between very old men.

Their influence is testimony to the failure of China's leaders, including Deng, to develop mature political institutions through which power can be transferred.

Even after his rout of the conservatives, Deng can barely be more confident than he was a year ago that, after his death, China will continue along the path he has set. To the visitor to China, reform *feels* irreversible. Businesses are growing everywhere and there is clear popular support – consumer goods are widely available, markets are flourishing.

This year has substantially increased the likelihood that the reforms will be long-lasting. The majority of the economic activity is in the private sector. Foreign capital, especially from ethnic Chinese in the rest of Asia, is pouring in; investment flows of $12bn in 1991 have been exceeded this year. Foreign retailers have been allowed to establish joint ventures and prices of many goods have been freed. The economic growth of provinces has reduced the influence of Beijing.

Yet continuing struggles within the party indicate that reform may be only as deeply rooted as the officials who promote it. The party's propaganda machine remains at the disposal of whoever wins temporary supremacy in factional wrangles.

In the seminal "Document No 2", the party's official version of Deng's remarks in the south, the veteran Chinese leader argued a new version of his celebrated remark that it did not matter whether a cat was black or white, as long as it caught mice. "The fundamental difference between socialism and capitalism does not lie in the question of whether the planning mechanism or the market mechanism plays a larger role," said Deng. "Both planning and market are just economic means. The nature of socialism is to emancipate and develop the productive forces, to eliminate exploitation and polarisation, and to finally achieve the goal of common affluence."

China is proud of the contrast between its growth and stability and the economic and political chaos in the former Soviet Union. But China's Communist leadership still agonises about whether the reforms are socialist or capitalist.

Even after Deng visited the south, hardliners led by Chen Yun launched an attempt to slow reform. Though Chen Yun said he agreed with Deng about the need to stimulate the economy, he argued for careful planning. According to his "bird-cage" theory, "you cannot hold a bird tight in your hand, it will die. You must let it fly, but only within the cage. Without a cage it will fly away and lose direction."

Deng won out, managing to get the document published in March. Then, his new year message was doggedly spread by the Communist propaganda machine. Factories and provincial officials acted in unison to increase production and investment – in many cases, indiscriminately – arousing fears that the economy will rapidly overheat.

It cannot yet be concluded that free-market reforms mean the Communist system is on the way out. About half of industrial production is still accounted for by inefficient state-owned factories, many of which depend on state subsidies.

The "contract responsibility" system, putting the onus for profitable operation on managers instead of bureaucrats, is a step in the right direction. But managers are handicapped by their lack of authority to change officially controlled prices and reduce their workforces.

Nor does economic freedom mean political freedom. Deng's rationale is that reform is the best way to create prosperity, and fostering prosperity is the best way for the Communist party to achieve its most important objective – the retention of power.

It was Deng who ordered in the tanks on June 4 1989 to crush pro-democracy protests in Tiananmen Square, ensuring the party's maintenance of total dominance at any cost. Deng also shares responsibility for countless abuses of human rights – such as the detention of Wei Jingsheng, jailed for 15 years in 1979 after editing a magazine which advocated democracy. Though the official line is that Wei passed military intelligence to a foreigner, his sentence is thought to have been particularly severe because of criticisms of Deng in a wall poster.

And it is Deng whom the people of Hong Kong have most to fear. In implacably rejecting Mr Patten's proposals to broaden the franchise for elections in 1995, and in threatening not to honour business contracts extending beyond 1997, the author of the "one country, two systems" approach to China's sovereignty over the territory from 1997 has himself sown doubts about Beijing's commitment to it.

Yet it is also Deng from whom Hong Kong has most to gain. Thanks to his policies, Guangdong province across the border has expanded rapidly with Hong Kong investment and employment as a driving force. He wants Guangdong to catch up with the four industrialising "tigers": South Korea, Taiwan, Singapore and Hong Kong, within 20 years. Hong Kong's participation will be vital if this is to be achieved.

Deng may not live to see Hong Kong returned to China. At his triumphal but brief appearance at the end of the party congress, it was his shaking hand which caught everybody's eye. But the man who twice fought back after being purged from the leadership and was once reviled as the "number two capitalist roader" cannot be written off until his last gasp. "The people are pleased and the world has been astonished," he commented of the progress of his reforms. But saddest for China is that the most important question remains: what will happen after he dies?

The strongest candidate

Choosing a Man or Woman of the Year can be tricky and, by definition, subjective – the more so in a year as sombre and confused as 1992 has proved in many parts of the world. Amid the encircling gloom, few international figures stand out as having made distinctive achievements or having left a potentially durable impression on our lives as with some previous choices – Helmut Kohl, Margaret Thatcher or Mikhail Gorbachev. Deng Xiaoping – frail, octogenarian, not occupying any formal office, and decidedly politically incorrect – may be a controversial choice, but he is one man who arguably has.

To understand this conclusion, consider the alternatives. The strongest also-ran was Bill Clinton, his achievement in defeating George Bush against what seemed insuperable odds being outweighed only by the fact that he has yet to show what kind of president he will be – and by the unusually successful challenge of Ross Perot.

Another strong candidate was Bundesbank President Helmut Schlesinger. His exertions against the scourge of inflation and the perceived fiscal profligacy of the German government have had an undoubted impact on millions of individuals and businesses over the past year in Europe and beyond. The story, however, is far from over. So far the Bundesbank has failed, despite high real German interest rates, to reduce inflation and bring the money supply within its target range.

Other runners were disqualified on various grounds. Prime Minister P V Narasimha Rao of India made a strong early showing as a result of his government's courageous economic reforms, but fell down over his mishandling of the Ayodhya controversy. Elsewhere, European farm commissioner Ray MacSharry appears to have secured two remarkable agreements – on reforming the EC's Common Agricultural Policy and bringing farm trade under the General Agreement on Tariffs and Trade – but they may yet be torpedoed.

That leaves us with Deng, who launched China's opening to the world in 1978 and gave another hefty boost to economic reform this year. His claim to the title Man of the Year rests on the hypothesis that in 1992, the flowering of Chinese capitalism that he fostered became irreversible; that, despite the manifest flaws of its political system and the worries about its stability, China is becoming a political, economic and commercial force with which the world will increasingly have to reckon.

Andrew Gowers

The grimy face of coal

The energy policy review could prove a setback for the environmental cause in the UK, writes **David Lascelles**

Will the environment get a look-in as the UK ponders the future of coal?

Mr Michael Heseltine, the trade and industry secretary, has put environmental factors on the agenda for his energy review. But he may find it tough to reconcile them with his aim of boosting the use of domestically mined coal. An increase in the quantity of coal burnt would not only raise atmospheric pollution in Britain. It would also drag in other controversial issues, such as acid rain and open-cast mining. Internationally, it would raise doubts about the UK's commitment to the global effort to clean up the environment.

In common with its European Community partners, the UK has pledged to cut output of carbon dioxide to 1990 levels by 2000. This was reinforced by an agreement to curb greenhouse gases which Mr John Major, the UK prime minister, signed at the Rio Earth Summit in June.

At the time, the UK's goal seemed just about attainable. Carbon dioxide emissions in 1990 were 160m tonnes, and the forecast level for 2000 was in the range of 157m-179m. But this assumed that the electricity generation industry would switch from coal to cleaner natural gas on a large scale.

According to a Department of Trade and Industry (DTI) analysis, which was completed just before the crisis provoked by the government's announcement in October of pit closures, the contribution of coal to electricity generation is expected to fall from 68 per cent in 1990 to only 47 per cent in 2000, while the share of gas is likely to go up from zero to 22-23 per cent.

But the coal review could throw all these calculations out.

A recent report commissioned by the DTI concluded that coal was more harmful than both its main competitors, gas and nuclear, because it causes more deaths, and damages forests and the climate. Furthermore, UK-mined coal is dirtier than imported coal, so any moves to bar imports to protect British Coal would shift the country in a grimier direction.

A greater amount of coal burnt would also create difficulties over acid rain. Under the EC's large combustion plant directive, the UK was given lenient targets on sulphur emissions in return for a promise to burn more gas instead of coal. If the UK goes back on that promise, there would be trouble in Brussels.

British Coal estimates that the directive only allows the UK to burn 30m-35m tonnes of coal a year, barely half the current figure. And there is a further problem with open-cast mining. Local authorities are under pressure to curb this activity because of the damage it does to the landscape. But open-cast mining is the cheapest method of obtaining coal, and the government may be tempted to relax mine licensing procedures to help British Coal reduce its prices.

Knotty though these problems are, they pose less of a dilemma for Mr Heseltine than they do for Mr Michael Howard, the environment secretary, who has been keeping a low profile in the coal debate. Mr Howard is in a difficult position. He risks being criticised by the green lobby if he fails to press the environmental case.

But there is little Mr Howard can say to Mr Heseltine that will be of any help. Mr Howard admits that the energy review will affect environmental policy, but he maintains that it is still a matter of how environmental targets are achieved, rather than whether they can be achieved at all. In presenting a recent policy document on the options for meeting the Rio targets, he said: "If the energy review says more coal, more savings will have to be found elsewhere."

The coal debate has also put environmentalists on the spot. By instinct, the green lobby is anti-coal because of the emissions problem, but it has been reluctant to come out in outright opposition to preserving the coal industry. One reason is that Mr Heseltine could decide to cut back the nuclear power industry to make more room for coal in the generation market, handing the environmentalists a big victory in one of their longest-running campaigns.

Mr Stewart Boyle, energy policy director of Greenpeace, the lobby group, concedes that there is an element of compromise in his position. But he believes the government will be obliged to announce stronger environmental measures as an offset to any moves to boost the coal industry. So the net effect could actually advance the green cause.

But how far could Mr Heseltine go, given that environmental measures will only add to the cost of saving the collieries? British Coal estimates, for example, that extracting carbon dioxide from power stations' emissions would add 45 per cent to the cost of electricity. He could provide support for research into clean coal technology, or even subsidise clean-up equipment at power stations, though there are both budgetary and EC limits on the size of subsidies.

The short answer to whether the environment will get a look-in as the UK considers the future of coal is no. The coal crisis could mark a setback for the environmental cause and the UK's international commitments. But a balanced answer to the coal dilemma would have to include measures to make coal more environmentally acceptable. An imaginative answer might even include a long-term plan to develop clean coal technology, a field where the UK has played a pioneering role in the past.

Sometimes you win, sometimes you lose

Tony Jackson picks the year's corporate successes and failures

"If you can meet with Triumph and Disaster,
And treat those two imposters just the same..."
– Rudyard Kipling

There was a lot more disaster than triumph for the corporate world in 1992. But even in such a year, there were winners as well as losers. Here are 10 of the best of each.

Winners

● **George Soros.** Surely the winner of the year – the man who spotted that if the UK government was determined to buy pound notes at £1.20 apiece, the trick was to borrow pounds in colossal quantities, hand them over and pocket the difference – in his case, well over £500m.

● **Tiny Rowland.** This was a good year for Mr Rowland, the founder and managing director of Lonrho (*q.v., under Losers*). At 75, he showed himself still capable of inventive deals, such as bringing in Colonel Muammer Gadaffi, the Libyan leader, as part owner of the Metropole hotel chain. He ended the year with a flourish, selling half his Lonrho stake to an obscure German businessman at well above the price attainable by his fellow-shareholders.

● **Essex Furniture.** With Essex deep in recession and the house market frozen, the name of this company sounds like disaster squared. In fact, it increased sales and profits by half, opened new shops and talked about moving into a bigger factory. Asked for the secret, chairman Mr Michael Franks said enigmatically: "It's the way you put the ingredients together."

● **Tomkins.** Headed by an ex-pupil of Lord Hanson, this pushy young conglomerate took on Hanson in bidding for the bread-maker RHM. Hanson blinked and Tomkins won. Critics said it had paid too much. Its shares still ended the year a fifth higher than they started.

● **Lord Weinstock.** The head of GEC was pilloried in the go-go 1980s for his unwillingness to spend his cash mountain. This year, while the profits of the world electronics industry collapsed, GEC's went up. To rub salt in the wound, the company doubled its cash mountain as well.

● **HSBC.** Better known as the HongKong and Shanghai Bank, it successfully fought Lloyds to take over the struggling Midland Bank. The stock market had to think twice about this, but eventually decided it was a good thing. HSBC shares doubled in the year, making it the best performer in the FT-SE 100 index.

● **MFI.** As a furniture retailer carrying £500m of debt from a management buy-out, MFI looked for several years like a loser on a heroic scale. But in July it managed a stock market flotation, thus cutting its debt to £100m. The directors refused to sell their shares on the grounds that the price was too cheap. It has since gone up by a fifth.

● **Rupert Murdoch.** 1992 was the year in which Mr Murdoch showed that being a debt-laden international media tycoon need not be the end of the world. He not only placated his bankers, but he started talking about expanding again. The shares in his News Corp doubled.

● **Wellcome Trust.** The winning medical charity of the year. In the summer, this charity sold rather less than half its stake in the drug company Wellcome for a princely £2.3bn. Since then the share price has risen by a quarter, valuing the rest at well over £3bn.

● **The liquidator.** In a year in which going bust was big business, the grim reaper made hay. The UK's top 10 insolvency practitioners had fee income in 1991-92 of some £300m. This year, with bankruptcy still booming – to say nothing of plum long-term contracts such as Maxwell and Bank of Credit and Commerce International – the figure looks like rising sharply again.

Losers

● **Body Shop.** Ms Anita Roddick's adroit combination of moral fervour and a soaring share price was one of the more striking features of 1980s capitalism. In 1992 profits ran out of steam and the shares slumped from 370p to 155p. As older City hands might say, it would take a heart of stone not to laugh.

● **Clarke Foods.** At the turn of the year, Mr Henry D Clarke of the US spent £12m buying the Lyons Maid ice cream business in the UK. He then ordered expensive new machinery, advertised heavily and crossed his fingers for hot weather. Early summer was wonderful, but the machinery played up. It reached full output just in time for the wettest August in 53 years. Clarke Foods went bust in October.

● **Ratners.** Last Christmas, the profits of the world's biggest jewellery chain had slumped and its share price had fallen 85 per cent in 12 months. Mr Gerald Ratner, the company's chairman, must have reasoned that things could scarcely get worse. Sure enough, they did. Ratners made a £122m loss, the shares fell a further 70 per cent and Mr Ratner resigned.

● **Lonrho.** This was the year in which the loyal army of Lonrho shareholders had their faith finally tested. Their shares halved in value, their dividend was slashed and some of their choicest assets were sold. Lonrho's debt mountain was scarcely dented. Mr Rowland meanwhile started cashing in his chips. "Believe me," he told his fellow-shareholders, "it is only my age that occasions this."

● **Fisons.** A year ago, Fisons announced that it could not manufacture some of its drugs to US standards. The chairman resigned on grounds of ill health. Interim profits fell by nearly 60 per cent. Fisons' market value collapsed from £3.5bn to £1bn. So much for the defensive virtues of drug stocks.

● **BP.** "Because I am blessed by my good brain," BP's chairman Robert Horton said in February, "I tend to get to the right answer quicker and more often than most people." In June he lost his job. In August BP announced a quarterly loss of over £700m and halved its dividend.

● **Alan Sugar.** Perhaps all the chairman of Amstrad wanted was to be alone. If so, hard luck. Shareholders were baffled by his bid to take Amstrad private and told him to stay on. Mr Sugar subsequently described his plan as "just another business venture that was tried and then failed".

● **Barclays.** In an almost universally lousy year for the banks, Barclays still managed to stand out. It took flak over its treatment of small business customers and the structure of its board. It made a loss for only the second time in its history. It ended the year by taking over Imry, a property company to which it had lent £440m, thus taking to new heights the notion of repossession.

● **GPA.** The world's biggest airline leasing company started the year with confident plans of a $1.5bn share flotation. By mid-year the plans had evaporated. By the year-end there were rumours that the company was in trouble. Since its directors include troubleshooter Sir John Harvey Jones and ex-chancellor Lord Lawson, the rumours must surely be wrong.

● **Trafalgar House.** For connoisseurs of disaster, perhaps the company of the year. Profits vanished, the shares plunged, Hong Kong Land moved in and the chairman and chief executive quit. The previous year's profits of £122m had to be restated as a loss after a run-in with the accounting authorities. In the summer, as a kind of symbolic grace-note, the group's flagship, the QE2, was holed below the waterline.

Mystery of missing mass

Clive Cookson examines this year's models of the universe

As a momentous year for astronomical observations draws to a close, scientists remain in a ferment of uncertainty about the origins, structure and future of the universe.

The first pictures of the emerging universe transmitted by the US Cosmic Background Explorer (Cobe) satellite, together with observations from the Hubble Space Telescope, have inspired new cosmological theories without dismissing the old front-runners.

The only clear landmark is still the Big Bang itself. Mainstream astronomers have accepted for several years that we live in the expanding debris of a cosmic fireball that created everything 12bn to 18bn years ago. But there is no consensus on the way the universe has grown, its composition today, and whether it will expand forever into an infinite coldness or come back together in a Big Crunch.

The Cobe pictures show gigantic "ripples" of microwave radiation which emerged from the universe when it was 300,000 years old – 0.002 per cent of its present age. These faint echoes of the Big Bang are the earliest detectable signs of the unevenness which gravity later pulled into clusters of galaxies and stars. It may never be possible directly to see any further back in time; when the universe was less than 300,000 years old, it was too dense to allow any radiation to escape.

Cosmologists are using the Cobe patterns both to extrapolate further into the past – to within a fraction of a second of the Big Bang – and to look forward to the present universe and its fate.

They are particularly keen to solve the mystery of the missing mass. All the visible objects observed by astronomers – galaxies, stars, dust clouds and so on – contain less matter than they know must actually exist. They calculate that the mass of "dark matter" is 10 to 100 times greater than the visible matter, in order to provide enough gravity to account for the movements of the stars and explain the development of the universe from the primeval ripples observed by Cobe to what we see today.

Theories to explain the missing mass include:

● It is ordinary matter composed of the particles that make up the sun and earth – protons, neutrons and electrons – but is not visible by any astronomical instrument. For example, galaxies may be surrounded by a myriad of planet-sized bodies, known whimsically as Massive Compact Halo Objects; "machos" would be too small to kindle the nuclear fires that produce light from visible stars.

● It is "cold dark matter" consisting of slow-moving subatomic particles left over from the Big Bang. These Weakly Interacting Massive Particles may pervade the whole universe. Theoreticians calculate that about 1,000,000bn "wimps" pass through each one of us every second. But they make little impression on ordinary matter and have therefore not been detected.


The Hubble Space Telescope: continues to confound the sceptics

● It is "hot dark matter" consisting of subatomic particles, each with a tiny mass but moving almost as fast as light. Neutrinos are the most likely candidate for hot dark matter, if it exists.

Charles Alcock, an astrophysicist at the Lawrence Livermore Laboratory in California, believes that, before invoking exotic particles to explain the missing mass, it is worth searching more thoroughly for ordinary matter that has remained hidden. A US-Australian project is beginning to track millions of stars every night and look for the tiny changes in brightness that should occur as they pass behind planet-sized objects.

However, most cosmological theories put a limit on the amount of ordinary matter that could have been created in the immediate aftermath of the Big Bang. If they are correct, the universe must be still dominated by exotic particles. Earlier this year, cold dark matter was the leading main contender but the latest thinking is that a mixture of hot and cold matter fits the Cobe observations most closely.

The "inflationary" model of the universe, presently in vogue, postulates a super-expansionary burst immediately after the Big Bang. The effect would have been analogous to an explosion triggering an atomic bomb, releasing an unimaginable amount of energy on a scale of less than a millionth of a millimetre. Random fluctuations during this inflationary period sowed the seeds of our universe.

Perhaps the most important prediction of inflationary cosmology is that we are balanced between a "closed" universe containing enough matter eventually to reverse the expansion and an "open" universe flying apart for ever. Growth will stop after an infinite period but there will be no Big Crunch. This idea, which appeals to astronomers' aesthetic sense, is supported but not proved by Cobe.

On a more speculative level, some inflation theorists suggest that ours may be one of an infinite number of universes. Each would have different laws of physics because these would have been determined by random fluctuations in a single primeval force, immediately after its Big Bang. The one we live in happens to be conducive to the differentiation of matter into stars, planets – and life.

Astronomers are now waiting for other observations of the emerging universe to confirm and supplement Cobe's. "Everyone who works in this field believes the Cobe results but we will feel more comfortable when an independent experiment detects fluctuations in the microwave background," says Peter Coles, an astronomer at Queen Mary and Westfield College, London.

Several ground-based instruments are searching and Professor Martin Rees, director of Cambridge University's Institute of Astronomy, expects positive results to be announced by June. They should help to sort out competing theories by distinguishing variations on a finer angular resolution than Cobe is able to produce.

At the same time the $2bn Hubble telescope, in orbit around the earth, is proving to be more useful than the pessimists predicted when a flaw was discovered in the main mirror after its launch in 1990. "You can get out something approaching the telescope's original design specification, but at the price of spending longer pointing it at the object you want to look at," says Ian Smail, an astrophysicist at Durham University.

He is part of a group using Hubble to explore "gravitational lenses" – clusters of galaxies billions of light years away whose gravitational pull acts as a natural magnifying glass, bending and refocusing the light from even more distant galaxies. Studies of gravitational lenses will reveal more information about the way dark matter is distributed through the universe.

Recently, Hubble has also given a more precise estimate of the age of the universe, based on its rate of expansion. And it has sent back pictures of the most distant-known galaxy, forming 1bn to 2bn years after the Big Bang around a massive black hole.

Astronomers expect another crop of new observations from space and earth next year. By Christmas 1993 scientists will not be able to predict confidently the ultimate fate of the universe but they should have a better idea of whether it is filled with machos, wimps or hot neutrinos.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Report on Yugoslavia 'balanced'

From Michael Jermey.

Sir, Christopher Dunkley criticises ITN for "sensational" reporting of "systematic and organised rape" in the former Yugoslavia ("Glitz threatens the News at Ten", December 23).

Our lead story by Penny Marshall on News at Ten, December 17, was nothing of the kind. Her report on allegations of brutality and rape at Serbian detention centres was a balanced piece of journalism which attributed the charge of systematic rape to the World Health Organisation.

Far from failing to produce a "single woman who would substantiate the story" ITN interviewed an eye-witness to two rapes and a doctor who treated other victims.

Our report went on to point out the great difficulty European Community investigators will have in substantiating reports of the rape of Moslem women, most of whom are reluctant to talk about their time in detention.

ITN has pursued the story of the abuse of human rights in the former Yugoslavia with great vigour. In August our pictures of the Serb detention camps alerted the world to the true horror of ethnic cleansing. We are proud of our record of accurate and balanced reporting of the war and are determined to maintain ITN's tradition of high quality news coverage.

Michael Jermey,
Head of foreign news,
ITN,
200 Gray's Inn Road,
London
WC1X 8XZ

Endless disputes in sight if British Rail is broken up

From Professor W P Bradshaw.

Sir, Most transport professionals would agree with one conclusion in your editorial "Privatising British Rail" (December 22). Lack of investment and continual government interference must change and a more enterprising culture must be adopted.

However, your endorsement of government plans to separate responsibility for track and signalling from that of running trains shows a lack of understanding of how the railway business is conducted. Unless all elements of are managed as a whole there will be endless disputes about responsibility for delays and disruption, with lawyers involved at every trip and turn.

You say that separating track infrastructure from the provision of services is the way of the future in Europe, quoting Sweden as having successfully implemented this policy. You omit to say that vast sums of public money are being spent on up-grading the Swedish railways or that these railways are lightly used by our standards. In Sweden only about 25 per cent of the costs of maintaining railway infrastructure are contributed by train operators under a policy which sets out to equate the terms of competition between road and rail.

You ignore the fact that under the terms of the White Paper in Britain railway operators will have to pay the full costs of using infrastructure, including a return on capital employed, a policy which is likely to drive most freight off our railways.

You might have looked at Japan where the railways have been divided into six regional companies embracing train operations and track. These publicly-owned companies are making great financial progress prior to intended privatisation. The same policy could be adopted in Britain.

Finally, you might have drawn attention to the lack of any transport policy framework in Britain within which the railways are to fit. Sweden, the Netherlands, France and Germany have such frameworks.

Bill Bradshaw,
Centre for Socio-Legal Studies,
Wolfson College, Oxford

Co-operative sector demonstrates the continuing relevance of real 'federalism' in business

From Dr R Houlton.

Sir, Christopher Lorenz's critique of "federalism" as the latest fashion in the "glossy" management journals was appropriately acerbic (Management, December 18).

What he failed to mention was that, like all fashion revivals, the ersatz is always preceded by the genuine article.

Some of the most successful experiments in corporate federalism have been in co-operatives, which combine representative democracy with business enterprise.

These organisations are founded on federalist principles with "sovereign" members creating a *primary* society through their patronage and participation. Primaries, in turn, link together to form *secondary* and *tertiary* federals which provide common services and achieve economies of scale.

This model, first developed in retail distribution in Britain in the mid-19th century, has been applied to agriculture, insurance, financial services, fisheries and manufacturing in over 80 countries.

Among the most successful are the Japanese co-operative federals which have played a vital role in the development of their economy and society since the end of the second world war.

The Japanese co-operative federals are now so strong that they hosted the recent 30th International Co-operative Congress in Tokyo with more 1,000 delegates. This was the first congress of the world federation to be held in Asia and the first to be addressed by a prime minister.

With more than 700m people in membership of more than 250,000 businesses worldwide, the co-operative sector demonstrates the continuing relevance of real federalism in business.

R Houlton,
International Co-operative College,
Stanford Hall,
Loughborough,
Leicestershire
LE12 5QR

FINANCIAL TIMES
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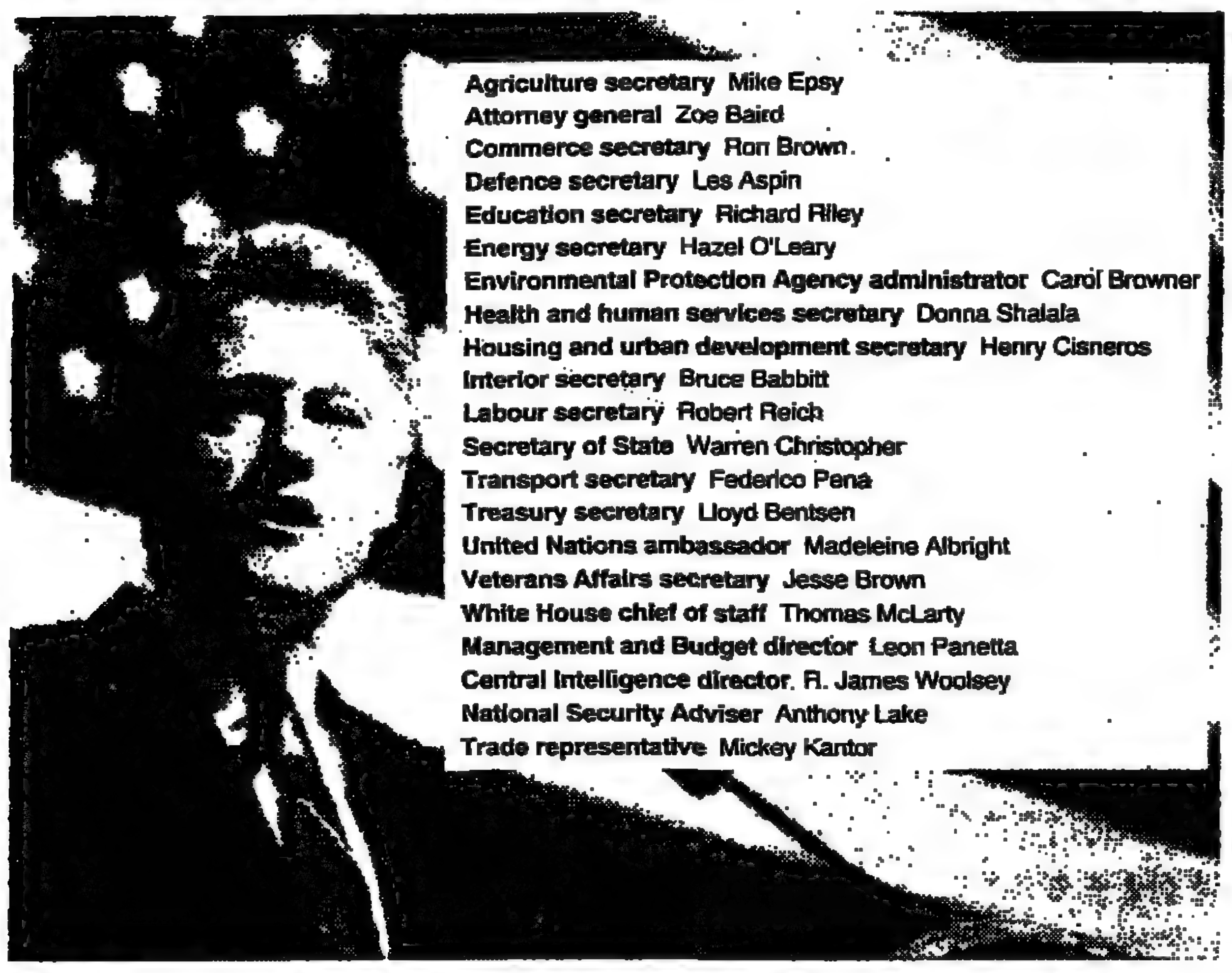
The Clinton team



Clinton's completed cabinet fails to clarify US direction

By Jurek Martin in Washington

PRESIDENT-ELECT Bill Clinton has finally completed his cabinet team, but the flurry of Christmas eve appointments could be problematical: it may have made him a few enemies and has not necessarily clarified many of the directions his government will take.

Mr and Mrs Clinton are spending this week with friends in South Carolina. They will attend the annual retreat known as Renaissance, which brings together politicians, writers, lawyers, civil servants and many from the private sector for discussions on everything from health care reform to personal spirituality.

The Renaissance group is one of Mr Clinton's network of contacts, some of which he used in forming his government.

Intriguing appointments, such as those of Ms Zoe Baird, the first woman named attorney-general, and Mrs Hazel O'Leary, the black businesswoman who will run the energy department, demonstrated how independent Mr Clinton could be of well-established vested interest groups.

However, some of his choices have disappointed powerful lobbies. Among those he may have alienated are:

● The Daley family of Chicago: Mr William Daley, brother of Mayor Richard Daley, was thought likely to become transport secretary, only to be superseded on Christmas Eve by the nomination of Mr Federico Pena, the former mayor of Denver, Colorado. The Daleys worked hard in the election to ensure that Mr Clinton carried the vital state of Illinois with ease.

● Environmentalists were ultimately satisfied with the naming of Mr Bruce Babbitt, former governor of Arizona, to the interior department, though this, too, was a close-run thing.

It had seemed Mr Babbitt was destined to be US trade representative, so as to open up the interior position to another Hispanic, Congressman Bill Richardson of New Mexico, not considered a strong environmentalist. Another candidate of the green lobby, Mr Tim Wirth, the outgoing senator from Colorado, failed to land a cabinet post, as was expected.

Trade specialists are puzzled by the appointment of Mr Mickey Kantor, Mr Clinton's campaign manager, to the position now held by Mrs Carla Hills. Mr Kantor is a veteran political operator but he has no trade experience at a time when the Gatt negotiations may be reaching a climax.

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US warns Serbia over Kosovo

By Jurek Martin in Washington and Laura Silber in Belgrade

US PRESIDENT George Bush has warned Belgrade that the US would use military force if Serbia provoked military conflict in the province of Kosovo, bordering Albania.

A letter from Mr Bush to President Slobodan Milosevic and General Zivota Panic, the army chief-of-staff, was delivered on Christmas Day, it emerged yesterday. The letter also said action would be taken against Serbian aircraft if the United Nations Security Council votes to back with force the no-fly zone over Bosnia, which it is expected to do later this week.

Mr Bush said the US would also protect UN peacekeepers on the ground in Bosnia and ensure safe passage of humanitarian aid.

The US warning was complemented in Geneva by a similar admonition to Serbia from Mr Boutros Boutros Ghali, the UN secretary general, who plans to make a one-day visit to Sarajevo on Thursday. He reportedly told Mr Dobrica Cosic, president of the rump state of Yugoslavia, that military intervention was inevitable unless fighting in Bosnia was brought to a halt.

In drawing a metaphorical "line in the sand" in Kosovo, the previously autonomous region which Serbia in effect re-annexed three years ago, the Bush administration clearly hopes to contain the conflicts in former Yugoslavia.

The letter raised fears among diplomats at the Geneva conference on former Yugoslavia that Kosovo's repressed Albanians may try to provoke military intervention in an effort to gain independence from Serbia.

US State Department officials privately doubt that in its final three weeks the outgoing administration will do more than issue warnings, unless Serbian provocation in Kosovo becomes intolerable. Nor is it thought likely that the US will authorise the provision of arms to the Bosnians.

The same officials hope that the incoming government of Mr Bill Clinton will be less reticent.

In Geneva, international peace mediators warned that Bosnian forces were poised to launch a counter-offensive amid growing calls for military intervention. Mr Fred Eckhard, spokesman for the Geneva conference, said UN peacekeeping forces had reported a build-up of mostly Moslem Bosnian forces on Mount Igman, outside Sarajevo.

Russian economist pledges spending care

Continued from Page 1

make it easier for the parliament to understand him."

Mr Fyodorov said he also hoped to find common ground with Mr Viktor Gerashchenko, the central bank chairman who has a big measure of control over monetary policy and sees no alternative to inflationary financing. "He is a very reasonable man, but if we don't agree we'll have to fight," he said of his former boss. Mr Fyodorov worked at the Soviet central bank, before serving as Russian finance minister in 1990.

He welcomed the presence of consultants from foreign banks, law firms and universities who advised Mr Gaidar. "But if I work with advisers, I would like to stick to concrete measures rather than broad-based policy. I want very practical assistance."

Mr Fyodorov said the bank and the previous government had done "nothing" to tackle the flight of capital. He wanted a carrot and stick approach to encourage enterprises to keep money in the country.

To stabilise the rouble exchange rate he suggested widening the available currency market set up by the central bank – "if necessary we will set up our own currency market".

Lebanon blocks UN mercy mission

Continued from Page 1

tions have shattered the favourable international image Mr Rabin had fostered since coming to office in July. The military said yesterday at least six – and according to one suggestion as many as a tenth – of the deportees were expelled due to mistaken identity and would be allowed to return if they appealed to an army committee.

Officials have also stressed that the deportees can appeal individually to the Israeli High Court. The High Court itself ruled against moves to stop the deportations last week, but has yet to rule on the overall legality of the expulsions.

Over the weekend, a meeting of Syria, Lebanon, Jordan, Egypt and the Palestinians decided to seek UN action to enforce resolution 799. But they did not rule out a return to the peace talks after the new US administration of Mr Bill Clinton takes over next month.

At three-day meeting in Tunis, the Palestine Liberation Organisation also declined to adopt a call from Hamas, the main Islamic fundamentalist group, and other radical factions, for a complete withdrawal from negotiations and a return to armed struggle.

China's village of collective fortunes

By Yvonne Preston in Beijing

EVERY DAY, thousands of pilgrims from all over China ogle the lifestyle of China's richest village – Daqiuzhuang, outside the port of Tianjin.

Its potholed roads are full of gleaming Cadillacs, Buicks, top-of-the-range Mercedes and late model Japanese cars. There are smart new shops and two- and three-storey villas set in landscaped courtyards, some with satellite television.

The Beverly Hills of China, one dazzled reporter called it – but all the gleaming cars and fine houses are collectively owned, and the village is run by the same local communist party secretary who has been in charge for the last 30 years.

The pilgrims listen enviously to the statistics of affluence: an annual income for each of the 4,500 residents of 26,700 yuan ($6,700) – more than 60 times the yearly income of the poorest Chinese peasant farmer; average savings of $25,000; free housing, medical care, gas, electricity, and education.

Daqiuzhuang's mudwalls-to-mansions story trips unerringly off the tongue of Mr Sun Guiqiu, a village official barely 30 years old, who cheerfully reveals he has 300,000 yuan in the bank.

Before 1978 the villagers were poor illiterate farmers, Mr Sun intones. In the five years from 1973, only two of the village's 252 eligible bachelors were able to marry. Parents said they would rather eat rice husk for three years than marry their daughters into such a poverty-stricken village.

Now scarcely anything is grown in Daqiuzhuang. When Deng Xiaoping kissed the communes goodbye in 1978, it set about creating an industrial infrastructure rather than dividing communal land into individual plots like most villages.

The village is now a dusty cement and concrete industrial monolith-cum-building-site, with 262 enterprises in food processing, chemicals, metallurgy, textiles, electronics and printing, among them 38 joint ventures with foreigners.

It has brought in 7,500 skilled workers from outside. Income this year is expected to top 4bn yuan and to rise to 50bn yuan by the year 2000. Daqiuzhuang aspires to be the richest "village" in the world.

It has bought land in Guangzhou, Shanghai, Hainan island and other promising parts of China, where it intends to build more Daqiuzhuangs.

It has three corporations in Hong Kong, 400 offices throughout the country and receives trade delegations from all over the world.

The boss of this mighty enterprise, which could scarcely exist without the tacit approval of the communist party, is Mr Yu Zuomin, 62, who has been local communist party secretary for 30 years. He runs the party, the village administration and the corporation which controls the industrial enterprises. He lives in a mansion behind high walls marked "No Visitors" and guarded round the clock.

Mr Sun describes the Daqiuzhuang system as "common prosperity". Houses and cars are collectively owned and distributed according to official diktat. The only way to a rich lifestyle is to be declared a "model worker" by the party faithful. It helps to be related to a senior official in the village hierarchy.

A model worker gets a two-storey dwelling with up to 380 sq m of living space. A second accolade brings furniture and redecoration, a third wins a television, refrigerator and washing machine – discussions are under way about awarding a car to a four-time winner.

A model worker can lose the trappings of affluence, but only if he makes serious mistakes, said Mr Sun, without specifying what they were.

In Daqinzhuang, where social control was once exercised through ideology and fear, it is now exercised through material goods. Put a foot wrong, criticise the party, question Mr Yu and his accountability, even run foul of Mr Sun, and the party bailiffs could be knocking at the door.

THE LEX COLUMN

Drawing the line

The equity market has not decided whether to cast Professor David Tweedie as hero or villain. This year's missives from the Accounting Standards Board certainly demand fuller disclosure from companies. In theory, that should contribute to a more transparent and efficient equity market. The danger is that the new standards will simply breed conflicting measures of company performance which leave investors none the wiser.

The full-year results season in spring promises to be a rollercoaster affair as the market comes to terms with the regime. That some companies will report under the old rules and some under the new hardly implies an orderly transition. Since the market is accustomed to valuing shares by earnings, the new shape of the profit and loss account will be a culture shock. Financial Reporting Standard 3 (FRS3) includes a definition of extraordinary items which all but outlaws below-the-line gains and losses. Earnings per share will be more volatile as a result.

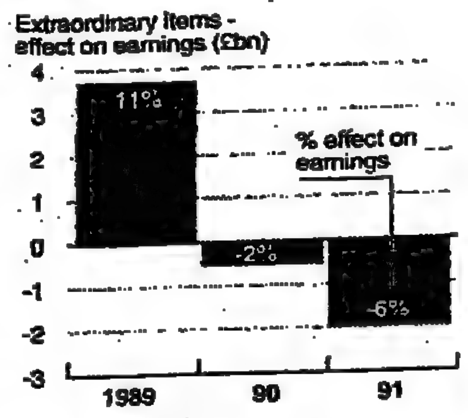
Reporting companies will doubtless publish their own preferred measure of earnings, in addition to the FRS3 figure. The standard allows them to do so, provided their reasoning is explained. The trouble is that if investors choose to concentrate on these measures, they may be just as badly off as before. Analysts may put forward alternative measures, but then investors would have to judge the quality of the analysis as well as the accounts. Many may yearn for the simplicity of the old system.

Consensus

Earnings figures under the old accounting rules were never much more than a useful ready reckoner. At worst, they were misleading. Companies which stretched the old accounting rules to boost earnings were often priced accordingly. But so long as less scrupulous finance directors retained latitude over what to include in earnings per share, there was a danger that investors could be hoodwinked. They will be protected from that, but that does not mean they will have an easy life. The ASB has placed the onus on investors to make up their own minds, based on the whole – and still complicated – picture.

Some consensus on interpreting the new figures would be useful. Since the ASB is adamant that it is not in the business of issuing guidance, institutional investors and analysts could take the lead. Investors may be tempted, for example, to adjust or "normalise" FRS3 earnings to reach a figure comparable to that reported under the old rules. That might at least offer a consistent basis of valuation during the transition to FRS3.

UK Companies



Source: County NatWest

It is easier said than done. The standard places companies under no obligation to disclose the impact of exceptional provisions on tax or minority interests. Simply shuffling aside exceptional items will not take these factors into account. The dissenting view of FRS3 put forward by Mr Roger Bradfield of Cazenove, a member of the ASB, makes just such a point.

In theory, the new standard allows the market to go one better and calculate "maintainable earnings". It demands that the contribution of acquisitions and discontinued operations is laid bare. But again, arriving at maintainable earnings also entails allocating tax and interest charges between acquisitions, continued and discontinued operations. That is often an arbitrary decision.

Range of measures

Prof Tweedie's stated aim is to encourage the market to look at a range of measures of company performance. He is surely right to insist that earnings per share, however calculated, is only part of the story. The new cash flow statement invites the market to place more emphasis on cash flow per share. As with earnings, though, investors will have to grapple with a plethora of alternatives.

Basic measures of cash flow – taking pre-tax profits plus depreciation – ignore some strong demands on corporate liquidity. Tax, interest charges and preference dividends are hardly paid at the discretion of the company. Equally, some capital expenditure can be deferred from year to year, but routine maintenance costs are a drain on resources. That suggests no single measure of cash flow per share will be sufficient. Companies with high capital expenditure will be flattered on one measure, but suffer if the cash earnings line is drawn lower in the cash flow statement. Whether most investors will have time for such detailed analysis remains an open question.

The new shape of the balance sheet proposed in the recent exposure draft on accounting for capital instruments will reveal more about how companies are funded. But again, the market will have to decide whether the new balance sheet category of non-equity shares – which covers instruments such as preference shares – should be counted as debt or equity for the purpose of gearing.

Good behaviour

Whether changes in the method of score-keeping will change company behaviour is another matter. Since restructuring costs count as direct deduction from earnings under FRS3, companies might be tempted to delay incurring them. If the new standard had been in force, 1991 earnings per share across the market would have been 6 per cent lower. In the media sector, earnings would have been cut by 45 per cent. One can only hope that companies modify their accounting practice rather than delay overdue action. That might mean taking exceptional restructuring costs year-by-year instead of a large one-off extraordinary provision.

There are some areas where the new rules have already made their mark. ASB proposals on accounting for capital instruments have stifled the supply of debt/equity hybrids such as convertible capital bonds. If greater scrutiny of cash flow statements encourages companies to maintain better standards of housekeeping even when the economy turns, so much the better. Against that, there must be a danger that companies are simply led to manipulate cash flow figures by, say, delaying payments to creditors until after the year-end.

Prof Tweedie has already complained that companies are not entering into the honest spirit in which his accounting revolution was conceived. All the more reason for the market to rely on no single measure of performance. The effort involved in scrutinising the whole picture should be worth the inconvenience.

World Weather

		°C	°F			°C	°F			°C	°F
Ajaccio	S	8	46	Boulogne	S	1	34	Frankfurt	S	[illegible]	[illegible]
Algiers	C	14	57	Brussels	S	[illegible]	30	Geneva	C	[illegible]	28
Amsterdam	S	0	32	Budapest	S	[illegible]	30	Gibraltar	F	14	57
Athens	R	5	41	Buenos Aires				Glasgow	C	1	34
Bahrain	R	16	61	Cairo	F	17	63	Helsinki	[illegible]	1	34
Bangkok	F	0	0	Cape Town	F	22	72	Hong Kong			
Barcelona	C	10	50	Caracas				Innsbruck	S	4	[illegible]
Beijing	S	3	37	Casablanca †	S	17	63	Inverness	S	1	30
Beirut	F	13	55	Chicago †				Islamabad	F	0	0
Belfast	C	5	41	Cologne	S	1	34	Istanbul	C	3	37
Belgrade	S	-4	25	Copenhagen	F	-1	30	Jakarta	-	-	
Berlin	Fg	-6	21	Corfu	C	[illegible]	45	Jo'burg	F	30	86
Biarritz	C	7	45	Dallas †				Lisbon	S	11	52
Bombay	S	30	86	Dublin	S	[illegible]	43	London	S	5	41
Bordeaux	C	1	34	Dubrovnik	S	7	45	Los Angeles †		-	
				Edinburgh	C	[illegible]	[illegible]	Luxembourg	S	-1	30
				Faro	S	15	59	Madeira	F	18	64
				Florence	Sn	2	36	Madrid	[illegible]	5	41

		°C	°F			°C	°F			°C	°F
Majorca	F	13	55	Oporto	S	13	55	Tenerife	S	30	86
Malaga	F	16	61	Oslo	S	-4	25	Tokyo	S	12	54
Malta	F	13	55	Paris	S	1	34	Toronto †	–	–	–
Manila	–	–	–	Prague	S	-3	27	Tunis	R	10	50
Melbourne	F	18	64	Reykjavik	R	3	37	Valencia	S	12	54
Mexico City	–	–	–	Rhodes	F	13	55	Venice	S	4	39
Miami †	–	–	–	Rio d'Janeiro	–	–	–	Vienna	F	-3	27
Milan	S	4	39	Rome	S	7	45	Warsaw	S	-5	23
Montreal †	–	–	–	Salzburg	S	-2	28	Washington †	–	–	–
Moscow	Sn	-10	14	S'Francisco †	–	–	–	Zurich	S	-1	30
Munich	S	-3	27	Seoul	F	4	39				
Nairobi	–	–	–	Singapore	F	29	84				
Naples	F	5	41	Stockholm	S	0	32				
Nassau	F	0	0	Strasbourg	S	0	32				
New Delhi	S	19	66	Sydney	S	28	82				
New York †	–	–	–	Taipei	–	–	–				
Nice	S	10	50	Tangier	F	15	59				
Nicosia	F	13	55	Tel Aviv	F	11	52				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday December 29 1992

INSIDE

Bank of Spain speaks up for Santander

The Bank of Spain has rallied to the support of Banco de Santander which was yesterday forced to guarantee an Pta8bn ($70.7m) bond as surety against possible fraud charges. **Page 15**

Giddy heights

A tower in Paris seems set to make Mr Jean Nouvel a household name. La Tour Sans Fins, at 1,400ft, will easily dwarf the Eiffel Tower's 984ft. **Back Page**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Cred Lyon	461	+	11
Rises				Gaumont	344.2	+	32
Degussa	348	+	9	Roussel-Uclaf	435	+	27
GEHE	394.8	+	13.8	**Falls**			
Varta	275	+	14.5	Damart	3250	−	230
Falls				Fin Poliet	431	−	34
Asko	860	−	15	**TOKYO (Yen)**			
Heidelb Zem	830	−	20	**Rises**			
Rheinelektra	765	−	10	Showa Rubber	197	+	15
NEW YORK ($)				Toa Elec	432	+	32
Falls				**Falls**			
Dillard	48¼	−	⅞	Fujita Kanko	1890	−	160
IBM	51¼	−	1⅝	Matsuya	572	−	44
Kmart	24¼	−	⅜	Nichiboshin	245	−	22
N'east Bancorp	4¾	−	4⅜	Seibu Railway	2120	−	160
Occidental Pet	17¼	−	¼				
Wal-Mart	64⅜	−	½				
PARIS (FFr)							
Rises							
Auxil Entrepr	325	+	16.3				

New York prices at 12.30.

LONDON (Pence)							
Rises				Virtan	273	+	11
BICC	343	+	7	**Falls**			
Brake Bros	440	+	32	Albrighton	17	−	1
Brit Land	193	+	7	Baltic	24	−	5
Clinton Cards	100	+	5	Brit Aero	157	−	5
Dickie (J)	37	+	4	Glaxo	748	−	8
Eurotunnel	334	+	14	Pepe	4	−	5
GUS A	1708	+	15	Smith (WH) A	508	−	9
McLeod Russel	89	+	2				
Portals	488	+	11				

London share prices shown for December 24.

Olivetti warns of L300bn full year operating loss

By Haig Simonian in Milan

OLIVETTI, the Italian computers and office equipment group, has warned of a much heavier than expected loss for 1992 in a further sign of the crisis affecting some of the world's leading information technology suppliers.

Mr Corrado Passera, Olivetti's newly-appointed managing director, said this year's operating loss would be between L300bn and L350bn ($245m). In 1991, Olivetti's operating losses totalled L28.8bn, while group net losses reached L459.8bn.

"To the figure for 1992 operating losses one has to add extraordinary costs and restructuring charges," Mr Passera said. He did not give an estimate for this year's net losses, and implied the overall figure depended partly on accounting decisions regarding the attribution of extraordinary items. But "the net loss will not be light", he stressed.

Olivetti's earnings have deteriorated this year, in spite of predictions in early 1992 that it would close the year at around break-even. Since then, the company reported a first-half loss of L93.4bn and chairman Mr Carlo De Benedetti warned of a difficult second half.

According to Mr Passera, this year's sales would probably fall by around 8 per cent to just under L8,000bn against L8,607bn in 1991.

Net debt is expected to surge to L1.200bn, up from L571.9bn, largely as a result of continuing heavy restructuring costs, he added. In quiet trading, Olivetti's ordinary shares fell L40 to L1,710 yesterday.

Mr Passera confirmed the company would be taking a L300bn charge for 5,000 redundancies this year. According to Olivetti's latest forecasts, the company expects to post a positive operating result in 1993 and return to bottom line profits in the following year.

However, even the 1993 results could be affected by continuing heavy restructuring costs. Union leaders, who claim the company is currently losing L2bn a day, say it wants to push through a further 6,000 job cuts, up to 1,500 of them at the group's Italian plants.

Background, Page 15

Japanese ministry penalises broker

By Robert Thomson in Tokyo

JAPAN'S Ministry of Finance yesterday disciplined Cosmo Securities, a second-tier stockbroker, by ordering it to suspend certain corporate business and bond trading operations.

The penalty follows the first completed investigation by the Securities and Exchange Surveillance Commission, which was established to clean up the industry following the scandals that hit the Tokyo stock market last year.

Cosmo is accused of irregularities in dealing with corporate clients. Mr Yasuo Bunya, Cosmo's chairman, has indicated his intention to resign next month.

While Cosmo is the first to be punished, most other Japanese brokers have admitted compensating favoured corporate clients for investment losses, and it remains to be seen whether they will also be pursued by the new commission.

Cosmo was also not the only company to have concealed clients' losses through the technique known as "tobashi" – transferring loss-making stocks from client account to client account in an attempt to avoid booking the loss.

The ministry ordered Cosmo to suspend corporate business in Tokyo from January 11 to January 18. It will be forbidden from dealing in convertible bonds on its own account for four weeks from January 11.

Three former Cosmo executives are alleged to have compensated select clients for losses by buying their convertible bonds at higher than market prices. The commission said the company continued the compensation even though the ministry said the practice was unlawful.

The finance ministry blames the compensation scandal for undermining individual investors' confidence in the stock market.

Meanwhile, the "tobashi" dealings have led to court cases against Japanese brokers from companies which say they suffered unfairly by being lumbered with the losing stocks.

John Gapper reports on transatlantic opportunities for growth

British banks bullish about US expansion

The happiest face in the line of directors trying to explain this month why Royal Bank of Scotland had made a pre-tax profit of only £20.9m was American. Mr Larry Fish, chief executive of the bank's New England subsidiary, had two reasons to be cheerful. Not only had Citizens Bank contributed £19.7m ($29m) to profits, but alone among Royal Bank's banking operations, it envisages rapid growth.

Over the next three years, Mr Fish wants to double Citizens' current assets of $4.4bn by buying banks in Massachusetts and Connecticut. He plans to expand the Rhode Island bank's $350m capital through issues of subordinated debt. "We are not going to let our mouth get ahead of our tummy, and buy something in Ohio. We are going to expand sensibly and contiguously," he says.

Mr Fish is not the only director of a British clearing bank to be talking about expansion in the US. Mr John Tugwell, chairman of National Westminster Bank's $22bn subsidiary in New York, is also bullish. "We have got to do something to increase our size, because I would say we are not really big enough to give our parent company a steady level of return," he says.

Such talk marks a turning point in how British banks regard their US operations. After enduring losses in the late 1980s, and debating how quickly they could sell, the mood has changed. As they struggle with bad debt at home, US operations are becoming an attractive source of income. But the banks are choosing different strategies for the US, based partly on what they own there, and partly on their global aims.

British banks in the US

Pre-tax profits/losses / Assets

All figures million

	1987	1988	1989	1990	1991	1992
Barclays North America	£64	£43	£72	£20	−£217	£19*
	£11,035	£12,794	£16,254	£11,840	£11,734	n/a
NatWest Bancorp	−$189	$163	−$115	−$363	−$988	$113**
	$11,819	$19,678	$22,441	$23,322	$21,459	$22,286**
Marine Midland†	−$440	$188	$15	−$289	−$178	$82**
	$25,453	$25,864	$27,067	$20,107	$16,946	$16,513**
Citizens Bank††	$43	$26	$31**	$24	$15	$29
	$2,564	$3,092	$3,114**	$3,126	$3,974	$4,441

† Hongkong Shanghai Banking subsidiary
†† Royal Bank of Scotland subsidiary
* Half year
** 9 months

Source: Company reports

Some analysts think the US market is a logical place for the banks to expand, given their difficulties with domestic loan provisions and recession. "In the long term, the US economy may well do better than the British one, and if you are National Westminster you are not going to increase your market share at home very much," says Mr Ray Soifer, a bank analyst at Brown Brothers Harriman in New York.

The market also presents opportunities for growth because of the supply of small banks needing rescue. The fragmented industry – there are some 14,000 banks – is consolidating as large US banks merge and absorb smaller ones. But this also means that British banks which want to remain in US retail banking may have little choice but to expand.

The expansionist mood is nonetheless odd given the history of clearing banks in the US. Starting with Midland Bank's ill-fated purchase of the California-based Crocker National Bank in 1980, they have poured huge amounts into largely unsuccessful attempts to run US branch networks. NatWest lost $845m on its US business between 1989 and last year, mainly through bad debt provisions.

Aside from this murky history, there are doubts about whether British banks are ever likely to be significantly better at running branch networks in the US. "It has to be a universal truism that retail banks operating in a market other than their domestic one fail. They simply do not have the local market knowledge to assess risk properly," says Mr Nick Collier, a bank analyst at Morgan Stanley in London.

Barclays accepted that view after making a loss of £217m on its US operations last year. It is selling its New York retail bank and will instead offer corporate lending and investment banking services. "Retail banking is capital intensive, and successes outside home markets are few," says Mr Richard Webb, deputy chief executive of Barclays in the US. The bank sees this less ambitious strategy as cost-effective.

Yet other banks are trying to disprove conventional wisdom. NatWest's strategy is partly forced on it by the need to make its US operations worth more if it chooses to sell. NatWest Bancorp is expected to make more than $130m this year, and its post-tax profits will be boosted for the next three years by a tax loss carry-forward of $700m. But Mr Tugwell thinks it needs to grow to maintain earnings.

He says the consolidation of the US banking industry means it must expand even to maintain its current standing. This may mean growing to some $40bn in assets and only then does he believe it would be sensible to consider selling. Yet it is clear that he would put forward a strong argument for keeping the US base.

Mr Fish thinks Citizens should also double in asset size, although from a much smaller base. Citizens has grown nearly as much as it can in Rhode Island: 60 per cent of the state's households have some link with the bank. "This is a wonderful banking franchise, but it is pretty much capped, and the economy is not too vibrant," he says. Instead, he wants acquisitions in the bordering states.

The question with expansion is whether the banks will get into the same trouble as they did in the past. Talk of rapid growth marks a new phase for Citizens, which Mr Fish says has gained in asset quality from being "a very, very conservative institution". He plays down any suggestion of careless expansion. "We are not going to go around putting bad loans on our books," he insists.

This cautiously expansive mood is even shared by a bank which has slimmed US operations over the past three years, Hong Kong and Shanghai Banking Corporation. HSBC's Marine Midland subsidiary has dropped in asset size from $26bn to $16.5bn as managers from HSBC pushed it back toward being a regional bank based in upstate New York, cutting activities into which it diversified in the late 1980s.

Mr John Bond, Marine Midland chief executive, says the bank suffered from diversifying into "exotic things" such as wholesale lending and leasing. Mr Bond has been devoting effort to reforms such as reducing the bank's cost-income ratio and improving service. Yet he does not dismiss the notion of Marine Midland growing by consolidating its branch network in New York state.

"I would like to be more profitable, and market dominance gives you economies of scale," says Mr Bond, who will become HSBC's London-based chief executive next month. He is likely to watch any growth closely from London, after HSBC's last brush with giving local managers their head. This was partly caused by a regulatory deal which barred HSBC from exercising control for five years after buying a stake in 1978.

The past has also affected NatWest's view. "We had local management and it got us into trouble. We did not have the right level of control from London," says Mr Tugwell. Royal Bank is unusual in having retained a US management team at Citizens throughout. Yet the exertion of more control from the UK means that if any new growth goes wrong, most UK banks will have only themselves to blame.

Bumps ahead on the road to UK recovery

Economics Notebook

By Peter Norman

Has the time come to call a turning point in the UK economy?

After 18 months of withering green shoots and a mixed bag of economic statistics in December it is both safe and tempting to stay gloomy about Britain's economic prospects.

But there are growing signs that the economy has turned and that the end of the longest recession since the Second World War is in sight.

What is certain is that the next few months will not feel much like a recovery. Unemployment will continue to rise as the redundancies announced in recent months work through into the number of unemployed claiming benefit. Gloom will spread from the European continent where the German economy is turning down sharply, dragging the remaining members of the exchange rate mechanism in its wake.

But there are hopeful signs for Britain, especially compared with a year ago. Last week's FT survey of forecasts for the UK economy was notable in that none of the 38 universities, inter-governmental institutions, independent think tanks and City investment houses predicted a further contraction of the economy in 1993. On average, the forecasters came to the same conclusion as the Treasury's Autumn Statement forecast in projecting modest 1 per cent growth next year.

Twelve months ago, by contrast, forecasters were frantically slashing forecasts and the Treasury itself was acknowledging that it had been over-optimistic in predicting 2.25 per cent growth for 1992 less than two months earlier in its autumn 1991 forecast.

Cautious optimism about next year has been reinforced by reports of a late rush in pre-Christmas shopping, the strength of UK equities in December, particularly among the mid-250 where capital goods issues are strongly represented, and the 29 per cent jump in new car sales in the first 20 days of this month.

Local chambers of commerce report more hope among businesses. Mr Richard Brown, director of policy at the British Chambers of Commerce, says early returns for the chambers' late January survey point to a sharp jump in business confidence in the fourth quarter, although from an admittedly low base in the third quarter. The chambers of commerce and the Confederation of British Industry say industry's export order books have improved since September.

Looking ahead, there are hopes that sterling's devaluation since September and increasingly strong economic growth in the US and Latin America will open up opportunities for exporters to offset more difficult times on the European continent.

At home, the beneficial effects of the three percentage point cut in bank base rates in the last three months has still to be passed on fully to mortgage holders. This will happen in the first quarter when building societies and banks which adjust mortgage rates annually will be making changes.

The potential benefits for mortgage holders of the interest rate cut are huge. Mr Peter Spencer, chief economist at Kleinwort Benson, calculates that homeowners will be £20bn ($30.4bn) better off next year than three years ago when the government held base rates at 15 per cent for 12 months, causing households to pay £40bn in mortgage interest in 1990.

But caution is still the watchword. As Mr Spencer points out: "Economic recoveries are rather like pregnancies. They are never confirmed until some time after they have taken place." He expects no clear signs of recovery until the spring.

Similarly, Prof Douglas McWilliams, who recently stepped down as chief economic adviser to the CBI to set up his own Centre for Economics and Business Research, warns: "We have stabilised, we are not yet going up."

Prof McWilliams says that most of the companies that he deals with are planning for a flat year in 1993. He predicts some bumpy months for the economy and at best a very slow recovery with company boards under pressure to boost profits. In a difficult domestic and international climate, companies will be under strong pressure to continue cutting costs and shedding staff.

Mr Spencer argues that it is wiser to view 1993 as a year of winners and losers rather than to hope for buoyant growth. Among the winners will be exporters that had already cut costs sharply in expectation of Britain staying in the ERM. They will now benefit strongly from the pound's devaluation.

Another group of potential winners are first-time house buyers, who stand to benefit from low interest rates, low house prices and who will not be encumbered by the loss of equity in existing homes caused by falling house prices.

Whether buyers will return to the housing market remains one of the great uncertainties of 1993. Recent large-scale debt repayments by industry and consumers suggest that the traumas of overindebtedness in the late 1980s continue to cast a cloud over borrowing throughout the economy.

The UK may be in a similar position to the US in the summer when many of the motors of growth were beginning to turn but there was little sign of activity.

In one respect, however, the UK faces recovery in a far worse condition than could have been imagined a year ago. The government's own finances have deteriorated dramatically during 1992. The FT survey of economists' forecasts suggested that the public sector borrowing requirement in 1993-94 could jump to £46.9bn, with one forecaster forecasting a PSBR as high as £58bn next year.

While the Treasury hopes that financial markets will be tolerant of the deficit so long as the economy is depressed, Mr Brown says the government's budgetary problems are beginning to weigh on business sentiment, with members fearing raised taxes.

In these circumstances, it is a happy chance that the government is allowing itself two budgets this year. It could use the last of its traditional revenue raising budgets in March to boost confidence and recovery before turning in the first of its unified budgets in December to the daunting task of repairing the UK's public finances.

Invesco sees shift in power after resignation

By Paul Taylor in London

MR NICHOLAS Johnson has resigned as a director of Invesco MIM and head of the fund management group's non-American operations following a boardroom power struggle with Mr Charles Brady, Invesco's recently appointed chief executive.

Mr Johnson's departure on Christmas Eve means that Mr Brady, who built up the group's Atlanta operations, has emerged as the key figure in the group.

Mr Brady and Mr Johnson were joint deputy chairmen until Mr Brady pipped Mr Johnson for the chief executive's post in July after Lord Stevens stepped down following pressure from non-executive directors. Lord Stevens has stayed on as chairman but is to relinquish the post at the group's annual meeting in April.

The latest boardroom changes come after a difficult year for Invesco in Britain and further consolidate the grip held over the group by its US businesses. Invesco MIM manages around £34bn ($51.7bn) worldwide, but about two thirds of that is managed from the US.

Mr Brady is expected to announce further boardroom changes at Invesco in the near future. Meanwhile, Peregrine Investments, the Hong Kong securities house backed by some of the colony's most powerful businessmen, lifted its stake in Invesco to just over 24 per cent last month.

Peregrine has not yet appointed any representatives to the board.

COMPANIES AND FINANCE

Last ditch attempt to keep Pepe in business

PEPE, the jeans designer and distributor, is to make a last ditch attempt to stay in business based on a £9.1m open offer underwritten by a new management team and Novel, the Hong Kong textile group, writes Matthew Curtin.

Pepe's much-delayed results for the year to end-March showed a £13m plunge from pre-tax profits of £2.74m to losses of £10.3m.

The directors said the group would continue to make losses this year. Pepe was in "severe financial difficulties" and unless the offer was approved by shareholders, it would have to cease trading. Should the group go into receivership, shareholders were unlikely to realise any return on their investment after creditors were paid.

Mr Andrew Davison, non-executive director, said Pepe's longer-term survival would depend on the successful revival of its marketing efforts to re-establish the Pepe brand name and lift sales.

Andrew Davison: survival dependent on successful revival of marketing efforts

Turnover slipped to £156.1m (£158.6m). The closure of the group's Norwegian and Canadian operations and losses on the sale of minor brand businesses resulted in extraordinary charges of £2.6m.

Pepe's rescue – from an ill-timed and badly-managed expansion overseas after becoming the leading UK jeans brand behind Levi's in the late 1980s – is being led by an investment management consortium, put together by Mr Silas Chou. He replaced Mr Arun Shah, who founded the group, as chairman when Novel bought its 29.6 per cent stake in March this year.

The consortium includes Mr Maurice Marciano, the former president of Guess Jeans who becomes chief executive (Americas), and Mr Lawrence Stroll – a director of Tommy Hilfiger, the US clothes group – who becomes group chief executive.

They and Novel have formed a new company, SML, to underwrite the offer and will end up owning between 56.4 per cent and 65 per cent of Pepe. The Shah family will retain a stake in the group.

The offer involves the issue of 726 new shares, at 5p a share, for every 100 held.

The group and its bankers are negotiating £35m worth of new facilities which will only be provided once the offer is successful.

Unilever expands S American food side

By Angus Foster

UNILEVER, the Anglo-Dutch food and consumer products company, is expanding its South American food operations with the planned acquisition of Cica SA of Brazil.

The purchase is conditional upon Unilever's Brazilian subsidiary, Industrias Gessy Lever, receiving more than 90 per cent support from Cica's shareholders. Its largest shareholder, Cragnotti & Partners, has already pledged support for its 67.5 per cent stake.

A public offer will be made for the rest of the shares and is likely to close early in January. The offer values Cica at about $284m (£187m).

Cica is involved in the production and sale of canned foods, tomato based products, mayonnaise and pasta. It employs about 3,500 people and sales this year are estimated at $270m.

The acquisition will add to Unilever's Brazilian food operations which, through its Anderson Clayton subsidiary, is already involved in edible oils and fats. The company also has a joint venture ice-cream operation with Nestlé.

Gessy Lever also manages Unilever's consumer products business in Brazil and sales last year totalled $1bn, making Brazil one of Unilever's most important South American markets.

Correction
Merivale Moore

Merivale Moore, the property group, was the victim last week of a fake press release which said it had gone into receivership.

"The announcement was a total fabrication and the matter is being investigated," the company said. "Merivale Moore continues to have the full support of its bankers."

A news item, based on the fake press release, appeared in later editions of last Thursday's Financial Times. The FT regrets the distress the item caused Merivale Moore.

The press release was received by the FT's UK Companies newsdesk at about 7pm Wednesday evening. Normally news items are checked thoroughly before they are published. If no verification is possible, the item is left to the next day.

Given the season and the hour, it was not possible to verify the information in the fake press release. Contrary to our rules, a short item appeared.

Management takes over Atco Qualcast for £17m

By Matthew Curtin

THE management of Atco Qualcast has completed a £17m buy-out from Blue Circle Industries of the Suffolk-based lawnmower manufacturer.

The deal is being equity-financed by institutions investing through Candover Investments, the investment trust specialising in management buy-outs and development capital projects.

Bank term debt worth £8m and working capital facilities are being provided by Bank of Scotland.

Mr Stephen Roberts, head of the management team, said Atco Qualcast had successfully consolidated its operations after closing its Derby factory in 1991. It had increased market share this year, returned to profits on sales of £40m after two years of losses associated with restructuring costs and poor rainfall.

Mr Roberts said prospects for 1993 were good and it was important to complete the buy-out before the company's busy February to June season began.

Blue Circle acquired the business when it bought Birmid Qualcast, the Birmingham engineering group, in 1988.

Fairbriar restructures and seeks resumption of dealings

By Matthew Curtin

FAIRBRIAR, the troubled property group which has been in administrative receivership since September last year, has applied for the suspension of its shares to be lifted with the announcement of a capital restructuring.

The group proposes an offer of 7.67m new ordinary shares of 1p each, and the re-organisation of its existing share capital.

The Royal Bank of Scotland will convert about £12m in borrowings into 4.13m new ordinary shares and 8.82m convertible preference shares. It will also convert some debt into a maximum of £10.6m in loan notes, in addition to providing further credit facilities.

Pre-tax losses fell from £7.43m to £4m in the half year to September 30. Turnover amounted to £4.49m (£6.86m).

A disturbing case of tunnel vision

Japanese bankers and the Eurotunnel. Charles Leadbeater reports

ON THE face of it Eurotunnel, the operator of the channel tunnel linking Britain and France, has every reason to be pleased with relations with its Japanese bankers.

An overwhelming majority of the 37 Japanese banks involved in the project last month voted to allow Eurotunnel to continue to draw down its borrowings, even though it was in breach of banking covenants.

The vote among the Japanese banks, which are providing 23 per cent of Eurotunnel's £6.8bn borrowing facilities, is thought to have matched the level of support provided by the French.

The Japanese banks' mounting bad debts, caused by the collapse in the property market, have led many to withdraw from international lending. Eurotunnel appears to be a notable exception.

The reality is more complicated. Behind the public facade some leading Japanese banks, as well as several smaller regional institutions, harbour deep misgivings about Eurotunnel's prospects.

Those doubts may yet surface, if as some Japanese bankers expect, Eurotunnel runs into another financial crisis next year.

Such a crisis may well prompt a tussle between the public and the private sides of the Japanese banks' attitudes towards the project.

Senior Eurotunnel executives describe the company's relationship with the Japanese banks as "comfortable". The direct corporate relationship between Eurotunnel and its bankers is underpinned by the Japanese Ministry of Finance and the Bank of Japan which have shepherded their banks behind the project since 1986.

The Bank of England and the European Investment Bank have also helped through their links with the Japanese long term credit banks.

Before last month's vote Sir Alastair Morton, the Eurotunnel chief executive, visited about 11 top Japanese banks to deliver his message that construction was almost finished and would be completed without further significant cost increases.

A senior Eurotunnel executive involved in the meetings said: "The Japanese banks will support this project because they recognise its historic significance for European integration. To pull out of this project would be far too embarrassing politically for them."

The banks are also under strong commercial pressure. Japanese manufacturers who have invested huge sums building plants in the UK as a base to sell their products in the single European market would not welcome any move by the banks which might jeopardise the tunnel.

Eurotunnel also argues that the banks face minimal risks. The executive explained: "The banks are assured the cashflow from this project well into the next century. If it takes longer than expected for that cash to arrive then the banks will make money by providing us with extensions to our borrowing facilities. The real risk is being carried by the shareholders not the banks because they will get their money."

Yet some of the leading Japanese banks are yet to be convinced. Several regional banks abstained in the vote, as a protest at what they regard as the lack of information provided by Eurotunnel about the outlook for passenger revenues when the tunnel opens in late 1993.

A senior executive at one of the top four Japanese instructing banks, which organises the other banks in the syndicate, said : "We are staying with the project to protect our position in case it folds. Eurotunnel has become a form of speculative finance, no one knows whether it will be successful."

The four Japanese instructing banks are the Long Term Credit Bank, the Industrial Bank of Japan, the Bank of Tokyo and Sanwa Bank. The other main banks involved are Mitsubishi Bank, DKB, Sumitomo and Fuji Bank.

Senior bankers admit to their pressing need to improve their banks' profitability to pay for their bad debts has changed their approach. One explained: "When we entered the project there was no shortage of funds in Japan looking for lending opportunities. At that time the historic significance of the tunnel project may have been the greatest reason for our involvement. I am not sure a sound theoretical analysis was the basis for our involvement. But there is now a huge marketing risk with Eurotunnel that it may not generate the revenues it expects. Now we are asking to see the bottom line."

One of the main banks involved in the project has two staff working full time trying to independently assess Eurotunnel prospects because it complains Eurotunnel will not provide the information it has asked for.

In spite of the agreement to allow Eurotunnel to continue drawing on its borrowings Japanese bankers expect another financial crisis in the early months of next year.

As a condition of agreeing to the waiver, the banks have asked Eurotunnel to present a refinancing plan by May. That package will outline how Eurotunnel aims to raise more finance once the tunnel is open. The banks have insisted that this money will not come from them and it must not be superior to bank debt.

A senior Tokyo banker commented: "It is going to be very difficult for them to come up with a credible plan to raise more money from the market if construction is delayed and the revenue outlook remains very cloudy. If that plan fails to satisfy us then the waiver will fold, the project will run out of money and Eurotunnel will be in default."

For its part Eurotunnel said it was happy to provide such a plan immediately. However, the banks preferred to delay it until next year.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Minera Mantos Minorco (Luxembourg/S Africa)	Collahuasi (Chile)	Copper mining	£121m	Stake purchase completed
Placer Dome (Canada)	Zaldivar (Chile)	Copper mining	£64m	Outokumpu sells stake
Murphy Oil Corp (US)	Assets of LASMO (UK)	Oil & gas	£64m	LASMO disposals near £1bn
Sophus Berendsen (Denmark)	Unit of Lucas (UK)	Power systems	est £30m	Starts disposal programme
Parke-Davis (US)	Adams (Italy/US)	Confectionery	£0.3m	Another SME disposal
Unilever (UK/Netherlands)	ACI Hong Kong (HK)	Adhesives	n/a	BTR non-core sale
NTT (Japan)/BICC Cables (UK)	Joint venture	Optical components	n/a	BICC the senior partner
Volkswagen (Germany)	Jax (Japan)	Car distribution	n/a	VW the senior shareholder
Oliver Resources (Ireland)	Kirkland (Norway)	Oil and Gas	£22m	Recommended bid
Pilkington (UK)/ Sandomierz (Poland)	Pilkington Sandoglass (JV)	Float glass	£41m	Production venture

Bank of Spain's governor backs Banco de Santander

By Tom Burns in Madrid

THE Bank of Spain has rallied to the support of Banco de Santander, which was yesterday forced to guarantee an Pta8bn ($70.7m) bond as surety against possible fraud charges.

Mr Miguel Moreiras, the Madrid monetary court judge, ruled before Christmas that there was "clear evidence of criminality" in Santander's use, between 1986 and 1989, of an alleged tax avoidance instrument called loan assignments.

The ruling stunned the Spanish banking establishment and posed a serious threat to Santander. However, Mr Luis Angel Rojo, the central bank governor, has paid tribute to the Botin family which founded the bank.

Mr Rojo described the Botins as "an exceptionally competent professional family that over the years has developed the Santander group into one of [Spain's] most dynamic and strong institutions."

Santander, which had total assets at September 30 of more than $53bn, is one of Spain's biggest banks. It owns 10 per cent of the Royal Bank of Scotland and 16 per cent of First Fidelity Bancorporation of the US.

A Santander spokesman said that while the amount of the bond ordered by the court was substantial – it is believed to be the highest bond posted in Spain – "we are certain depositors and investors will view it within the context of our strong balance sheet."

The guarantee was extended by Bankinter, a bank which is also controlled by the Botin family and whose chairman, Mr Jaime Botin, is the brother of Mr Emilio Botin, Santander's managing director, and also deputy chairman of Santander.

Within hours of Mr Moreiras' ruling on December 23, Santander lodged an appeal that categorically rejected his definition of loan assignments as bank time deposits that should have been subject to a withholding tax on interest.

The cornerstone of Santander's appeal against Mr Moreiras' as yet incomplete investigations is that the loan assignments were not bound by normal fiscal guidelines on deposits until a government decree specifically made them so in July 1989.

The scheme, under which the bank sold loans on its portfolio as investments to selected customers, is understood to have been widely practised by other leading domestic banks.

Moulinex chairman warns of 'bad' results

By Alice Rawsthorn in Paris

MOULINEX, the French household electronics group, is experiencing a "black year", according to Mr Roland Darneau, chairman, with pressure on both sales and margins.

Mr Darneau told a shareholders' meeting in Paris that the group, which has already reported a heavy loss for the six months ended June, faced further problems in the current half-year, although it might manage to stay in the black.

Moulinex, which last year significantly expanded its household electronics interests by buying Krups of Germany, made a loss after tax of FFr11m ($2m) in the first six months of 1992, against net profits of FFr35m in the same period of the previous year, on static sales of FFr3.7bn.

The group has been hit by the impact of the economic slowdown across Europe, including its main markets of France and Germany, and by the financial effect of the DM130m Krups deal.

The acquisition of Krups, which specialises in coffee machines and electric mixers, was largely responsible for the rise in Moulinex's turnover from FFr5.96bn in 1990 to FFr8.36bn in 1991, when it made net profits of FFr149m.

Mr Darneau, who yesterday secured shareholders' agreement to extend Moulinex's year-end to March 31, anticipated "bad results" by the end of the present year, when the value of unsold stocks should be around 12 per cent higher than the previous year at FFr2.1bn.

However, he said there were some signs of improvement, particularly in Germany, which now accounts for a fifth of sales.

● The French national telephone company France Telecom has decided to increase its holding in state-owned Thomson to 19.9 per cent from 17.7 per cent, Reuter reports from Paris.

France Telecom said the operation would bring FFr350m to the government.

New year, old problems at Olivetti

A return to profit depends on more cost-cutting, writes Haig Simonian

THIS time last year, earnest discussions were under way at Olivetti aimed at tackling the one-off restructuring charges which loomed over the computer group's 1991 earnings.

Eventually, it was decided to ascribe the entire cost of redundancies and factory closures to the 1991 accounts, a move that contributed substantially to the L459.8bn ($321.8m) group loss for the year.

By biting the bullet in this way, Olivetti hoped to prepare the way for a return to profits – or at least break even – in 1992. Now, it appears that a similar discussion will be replayed when senior managers open their next round of budget meetings in January.

The continuing crisis in the information technology industry means the process of rationalisation and restructuring has, for Olivetti and many other leading computer makers, not been a one-off affair.

Although some parts of its business are performing much better, thanks to previous bouts of cost-cutting and reorganisation, others are still depressing earnings.

Mr Corrado Passera, the most trusted of Mr Carlo De Benedetti's lieutenants, who was posted into Olivetti as joint managing director three months ago, has indicated how severe matters have become.

Prices of personal computers, one of the products for which Olivetti is best known, have plummeted by 40 per cent a year over the past two years as a result of overcapacity and cut-throat competition. The collapse in prices, along with a sharp cut in production at Olivetti's Triumph Adler subsidiary in Germany, largely accounted for this year's L700bn fall in group sales to around L8,000bn, he said.

Other areas are performing somewhat better. Mr Passera said the company was already making "significant" earnings in services, while its systems and projects arm, which accounts for around a third of group sales, was expanding and "not far from profit".

In recent months, Olivetti has notched up a series of deals in both sectors. In October it signed a contract to service all British Telecom's computer equipment in continental Europe. Soon after, it sealed an important servicing deal for the domestic branches of Barclays Bank, one of its biggest customers.

Trevor Humphries

De Benedetti: had hoped to reach at least break-even in 1992

Earlier in the year, another breakthrough came with the selection of Olivetti as one of the approved suppliers of computer workstations to the US franchises of the McDonald's fast-food group.

The performance testifies to Olivetti's continuing shift away from low value-added items, such as personal computers and office equipment, to more profitable lines such as software and services, which now account for around a third of turnover.

But, in spite of the shift in its priorities, Olivetti has no intention of pulling out of the lower value-added sector, according to Mr Passera. The group is Europe's largest maker of PCs, providing potential economies of scale, while its 4,000 distribution outlets gives it strong retail coverage for office equipment and visibility in the market place.

However, it is with such "commodity" items that further improvements to competitiveness are required. Stressing that some production would be maintained in Italy, in spite of relatively high costs, Mr Passera called on union leaders to show "understanding and co-operation" with the company's as yet undisclosed plans to reduce costs further.

Winning such support will be just one of the problems facing the group in 1993. For Olivetti's hopes to break even by December and return to profit in 1994 will depend as much on the market as on continuing efforts to cut costs and yet more internal reorganisations.

The group will have to pursue its strategy of alliances with other companies in specific product areas and technologies. It will also have to work on its relationship with Digital Equipment of the US, which last June bought a 4 per cent stake and could go up to 10 per cent by the end of 1994.

Japanese life groups downgraded

By Robert Thomson in Tokyo

THE financial strength ratings of three Japanese life companies were downgraded yesterday to Aa2 from Aaa by Moody's Investors Service, the US rating agency, which said the industry was experiencing "considerable stresses".

Moody's said the earning capacity of the three companies – Sumitomo Life, Dai-ichi Mutual and Meiji Mutual – had been weakened by the turbulence in financial markets, while the medium-term deregulation of the industry would put the companies under increasing competitive pressure.

"Increasingly, a profit-driven and more competitive environment will produce a secular decline in asset quality," the agency said.

The collapse of stock prices has undermined the unrealised gains on the life industry's stock portfolios, while the industry also complains that dividend payments by Japanese companies must be increased in order to improve their returns on investments.

For the first half to the end of September, the eight largest life companies reported an 11.5 per cent decline in investment returns, while their latent profits on stocks were down by 28.4 per cent.

If the stock market fails to improve, they will be forced to record large appraisal losses on stocks at the end of the fiscal year.

As a result, the companies are reviewing employee levels and generally attempting to reduce expenses.

Moody's said that the downgrading meant that the three companies were now in the middle range of the "excellent" category instead of the "exceptional" category.

IRI to split SME into separate units

By Haig Simonian in Milan

IRI, Italy's largest state holding company, is planning to split its SME foods, catering and retailing subsidiary into separate operations as a first step to partial privatisation and dismemberment.

The proposal, which is due to be approved by an IRI shareholders' meeting scheduled for January 7, is a vital preliminary to the disposal of some of SME's main businesses.

The three divisions, to cover retailing and catering, frozen foods and food production, involve a slight reshuffling of SME's current structure.

Autogrill, its catering arm, will be combined with the GS supermarkets chain, while the Italgel frozen foods subsidiary will be split from the other food production operations.

Union leaders, who met the managing directors of IRI and SME yesterday, said IRI was ready to lower its stake in the retailing and catering business to less than 50 per cent of the shares.

Separately, IRI has set out the criteria for the sale of its 67 per cent stake in Credito Italiano, Italy's sixth-largest bank. Only bids for the entire holding would be accepted, although bidders could make offers individually, or in groups.

Thai group outlines plans for $4bn China projects

By Victor Mallet in Bangkok

CHAROEN Pokphand, the Thai industrial group which is one of the largest foreign investors in China, has outlined plans for further projects in China worth about $4bn, including petrochemical and telecommunications projects.

Mr Dhanin Chearavanont, group chairman, said in an interview that the company's Hong Kong subsidiary, Guah Kua Shen, was expected to hold a 70 per cent stake in a $3bn petrochemical complex at Linpoh, near Shanghai.

According to a preliminary agreement with the Chinese authorities, the remaining 30 per cent would be held by the state-owned China Petrochemical Corp. Mr Dhanin said the first phase of the project would be a refinery with a capacity of about 200,000 b/d.

Solvay of Belgium, one of CP's partners in Thailand, is thought likely to collaborate with the company.

Another proposed CP project is a fibre-optic cable television network in north-east China aimed at about 700,000 potential subscribers.

Upjohn to restate results following $224m charge

UPJOHN, the US pharmaceuticals group, said it would take a $224m after-tax charge in the fourth quarter of 1992 to adopt new accounting standards for retiree healthcare benefits, Reuter reports.

The company said the charge, which amounts to $1.26 a share, would be effective January 1 1992, and the previous quarterly results would be restated.

Upjohn said the adoption of Financial Accounting Standards Board (FASB) rule number 106 would result in a one-time transition obligation of $378m, or $237m after tax. The charge will be partially offset by a one-time gain of $13m, or 7 cents a share, for adoption of FASB 109, which allows US companies to change the way they account for income taxes.

The adjustment wipes out more than half of Upjohn's earnings for the first nine months of the year.

Upjohn reported a net profit of $411.47m for the year to September 30, up from $401m in the same period last year.

The company is due to report its 1992 financial results in February.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 25.12.92: Pool purchase price £/MWh	Final Prices for Trading on 27.11.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.94	18.08	18.08
0100	26.11	28.05	29.98
0130	28.11	30.00	31.99
0200	28.11	30.00	31.99
0230	25.90	22.72	24.40
0300	24.22	22.72	24.40
0330	24.22	20.92	20.92
0400	23.06	18.40	18.40
0430	22.07	18.08	18.08
0500	18.70	18.08	18.08
0530	17.58	18.25	18.25
0600	17.50	17.93	17.93
0630	17.50	18.02	18.02
0700	17.50	20.03	20.03
0730	17.50	24.20	25.98
0800	17.53	25.16	26.94
0830	17.58	26.28	28.08
0900	18.71	26.28	28.07
0930	22.98	26.28	28.07
1000	23.13	26.28	28.07
1030	23.13	26.28	28.08
1100	23.13	24.32	26.06
1130	23.13	24.32	26.06
1200	23.13	24.32	26.06
1230	26.00	24.32	26.06
1300	26.00	24.32	26.07
1330	26.00	20.92	20.92
1400	23.13	20.87	20.87
1430	26.11	18.90	18.90
1500	26.11	18.90	18.90
1530	26.11	19.98	19.98
1600	26.11	20.81	20.81
1630	26.11	29.12	31.20
1700	25.77	31.26	33.66
1730	18.75	32.81	35.18
1800	25.77	32.22	34.48
1830	25.77	28.42	31.28
1900	25.77	27.51	29.26
1930	18.75	27.48	29.24
2000	18.75	25.28	27.01
2030	18.75	24.12	25.83
2100	17.72	24.06	25.77
2130	17.70	23.35	25.04
2200	17.70	23.23	24.93
2230	17.69	20.92	20.92
2300	17.69	19.98	19.98
2330	17.69	17.93	17.93
2400	17.69	17.72	17.72

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.
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0030	26.11	18.02	18.02
0100	28.11	29.15	31.64
0130	26.00	30.25	32.74
0200	26.00	30.25	32.68
0230	23.97	23.92	26.09
0300	37.00	23.92	26.10
0330	37.00	23.92	26.11
0400	23.39	20.80	20.80
0430	22.31	17.72	17.72
0500	22.31	17.72	17.72
0530	17.72	17.71	17.71
0600	17.56	17.71	17.71
0630	17.56	17.71	17.71
0700	26.00	17.72	17.72
0730	28.00	17.72	17.72
0800	26.00	18.02	18.02
0830	28.00	23.28	25.54
0900	26.00	23.36	25.61
0930	19.20	23.95	26.20
1000	21.59	23.95	26.19
1030	21.59	23.95	26.18
1100	21.59	23.95	26.19
1130	22.20	23.85	26.09
1200	24.29	23.85	26.09
1230	24.29	23.85	26.10
1300	24.29	23.85	26.10
1330	24.29	23.85	26.11
1400	19.70	20.80	20.80
1430	17.72	18.08	18.08
1500	26.00	18.02	18.02
1530	26.00	18.02	18.02
1600	26.00	18.40	18.40
1630	26.00	26.21	28.53
1700	24.28	30.25	32.65
1730	26.00	30.25	32.62
1800	26.00	30.25	32.63
1830	24.29	30.25	32.61
1900	22.49	26.21	28.42
1930	22.49	25.64	27.85
2000	22.49	24.18	26.34
2030	22.49	23.85	26.01
2100	22.49	23.85	26.02
2130	22.43	20.03	20.03
2200	17.72	18.08	18.08
2230	17.52	17.72	17.72
2300	17.62	17.72	17.72
2330	17.48	17.69	17.69
2400	17.48	17.69	17.69

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0030	19.44	17.93	17.93
0100	23.78	24.81	26.37
0130	26.00	27.49	29.14
0200	26.00	27.49	29.10
0230	25.87	24.81	26.27
0300	24.15	24.81	26.28
0330	23.78	24.81	26.28
0400	23.78	22.64	24.05
0430	21.46	17.72	17.72
0500	21.46	17.70	17.70
0530	17.48	17.62	17.62
0600	17.47	17.70	17.70
0630	17.47	17.70	17.70
0700	17.46	17.69	17.69
0730	17.46	17.69	17.69
0800	17.47	17.68	17.68
0830	17.47	17.62	17.62
0900	26.00	17.69	17.69
0930	26.00	22.77	24.36
1000	26.00	23.02	24.54
1030	18.84	23.13	24.62
1100	18.90	23.50	24.98
1130	22.43	23.62	25.11
1200	24.18	23.62	25.10
1230	24.18	37.31	39.40
1300	24.18	37.31	39.39
1330	24.18	37.31	39.43
1400	23.28	23.62	25.11
1430	17.72	18.02	18.02
1500	17.59	17.73	17.73
1530	17.59	17.83	17.83
1600	17.58	18.02	18.02
1630	23.06	23.62	25.07
1700	26.00	23.78	25.20
1730	26.00	24.62	26.07
1800	26.00	24.62	26.07
1830	23.28	24.62	26.07
1900	25.15	24.62	26.06
1930	25.15	24.62	26.04
2000	23.28	24.62	26.05
2030	23.28	23.78	25.19
2100	23.28	23.78	25.20
2130	23.06	23.50	24.92
2200	17.72	23.02	24.43
2230	17.59	17.73	17.73
2300	17.58	17.71	17.71
2330	17.52	17.70	17.70
2400	17.47	17.70	17.70

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.
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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 28.12.92: Pool purchase price £/MWh	Final Prices for Trading on 30.11.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.23	18.02	18.02
0100	23.28	23.50	25.31
0130	24.84	27.32	29.28
0200	24.84	30.46	32.51
0230	24.01	23.13	24.84
0300	24.21	23.02	24.75
0330	24.21	23.02	24.74
0400	24.01	17.73	17.73
0430	18.90	17.71	17.71
0500	18.90	17.71	17.71
0530	17.48	17.71	17.71
0600	17.45	17.70	17.70
0630	17.45	17.77	17.77
0700	17.47	18.63	18.63
0730	17.47	25.88	27.41
0800	17.50	25.88	27.74
0830	17.53	25.88	27.72
0900	18.47	26.10	27.95
0930	22.12	34.62	36.75
1000	22.12	34.62	36.89
1030	26.00	21.50	21.50
1100	26.00	20.92	20.92
1130	26.00	25.88	27.66
1200	26.00	78.46	82.22
1230	23.21	20.92	20.92
1300	23.21	20.92	20.92
1330	23.21	20.92	20.92
1400	22.12	20.92	20.92
1430	19.10	20.92	20.92
1500	17.93	20.87	20.87
1530	18.72	20.93	20.93
1600	19.10	29.29	31.47
1630	23.21	39.06	43.19
1700	26.11	45.84	50.93
1730	26.11	45.80	50.51
1800	26.11	39.03	42.52
1830	26.02	30.29	32.31
1900	26.00	28.49	30.28
1930	24.71	25.89	27.59
2000	24.71	25.88	27.58
2030	22.31	25.55	27.26
2100	22.31	25.51	27.22
2130	22.31	24.89	26.60
2200	22.31	24.11	25.80
2230	19.10	24.11	25.82
2300	17.61	20.80	20.80
2330	17.53	17.73	17.73
2400	17.50	17.77	17.77

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.
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INTERNATIONAL CAPITAL MARKETS

EUROPEAN GOVERNMENT BONDS

Year of Maastricht and recession

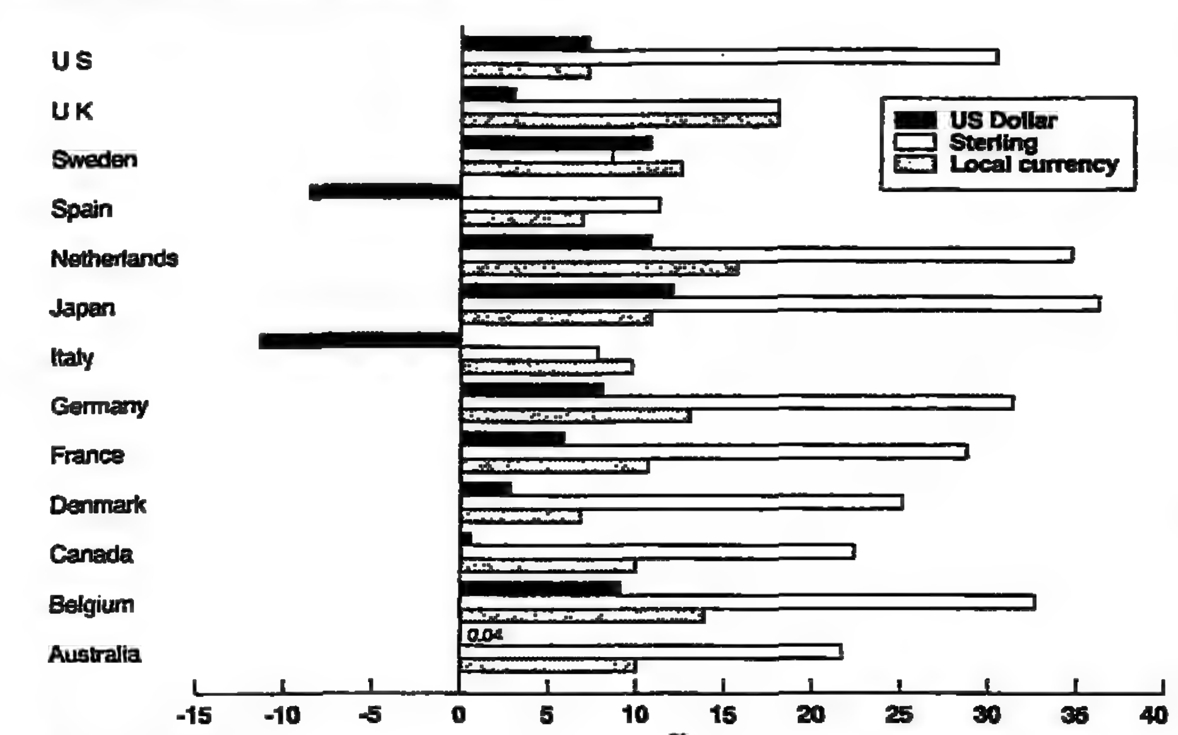
THE TWO words which have determined the performance of the government bond markets this year are "Maastricht" and "recession".

When Danish voters rejected the Maastricht treaty on June 2, European government bond markets were thrown into confusion over the prospects for European economic and monetary union. Investors moved out of the higher-yielding bond markets, such as Italy and Spain, and into the safe haven of the D-Mark bloc, forcing up prices on German, Dutch and Belgian government bonds.

Hopes of lower interest rates – or actual cuts in interest rates – helped to propel several of the government bond markets, particularly those in Europe which were suffering from severe recession, as well as the Japanese government bond market.

The chart shows the performance of the main government bonds markets over the last year, and illustrates the impact of uncertainty over European economic and monetary union as well as the effect of falling interest rates in certain markets.

Government bond market return



Source: J P Morgan Securities

The UK government bond market was the top performer among the world's 14 largest government bond markets in local currency terms, according to data compiled by J. P. Morgan. Gilts showed a return of 18 per cent in local currency terms, helped by falling UK interest rates during the year.

The UK base rate peaked at 15 per cent in 1989-1990. It has been cut steadily since October 1990 as inflation has gradually fallen and the government has recognised the need to try to stimulate the UK economy.

While sterling was a member of the European exchange rate mechanism, the room for manoeuvre on the interest rate front was severely restricted, due to the Bundesbank's determination to keep German interest rates high in order to conquer inflation.

At the start of 1992, the base rate stood at 10.5 per cent, falling to 10 per cent in May. However, as the Danes voted against the Maastricht Treaty, the weaker member-currencies of the EMS – including sterling – came under pressure.

After briefly increasing the base rate to defend the pound's exchange rate against the D-Mark, the government decided to pull sterling out of the ERM in September. Since then, the government has enjoyed greater freedom to cut rates, and the base rate has been slashed from 10 per cent on September 18 to 7 per cent on November 13.

Clearly, the gilt market has benefited from the steady cuts in interest rates over the year – and by expectations of much lower interest rates during much of the autumn and winter. Some economists predicted that the base rate would fall as low as 5 per cent by early 1993 as the government attempted to kick-start the UK economy.

The other top-performing government bond markets in local currency terms this year were those in the D-Mark bloc, reflecting the rush by investors to the more stable ERM currencies at a time of turbulence in the foreign exchange markets, and expectations of lower interest rates in Germany.

Following the reunification of Germany, the Bundesbank has been forced to tighten monetary policy in order to try to curb inflation. German interest rates have gradually risen, but in September the Bundesbank allowed a small easing – with the discount rate cut from 8.75 to 8.25 per cent and the Lombard rate from 9.75 to 9.50 per cent.

Most economists believe German interest rates have now peaked and should gradually fall as inflation and money supply figures improve.

Investors saw a 15.71 per cent return in the Dutch government bond market (in local currency terms), followed by 13.87 per cent from Belgium, and 13.01 per cent from Germany. Buyers had flocked to the high-yielding bond markets such as Spain and Italy in 1991 and early 1992 as they looked for so-called "convergence plays" – hoping to gain from falling inflation and cuts in interest rates in these markets. However, after the Danish vote, investors rushed to sell high-yielding bonds and bought bunds, as well as Dutch and Belgian bonds.

Returns from the traditional high-yielding European markets lagged those of the D-Mark bloc. The Spanish government bond market showed a return of 6.89 per cent in local currency terms, while Italy rose by 9.68 per cent.

For sterling-based investors, the top-performing government bond market was Japan, which showed a 36.26 per cent return. The Japanese government bond market showed a 10.83 per cent rise in local currency terms as the Bank of Japan has eased interest rates.

A year ago the Bank of Japan cut the official discount rate from 5 per cent to 4.5 per cent, and the central bank eased further during 1992, allowing the discount rate to fall to 3.25 per cent. Hopes of further easing sustained the Japanese government bond market throughout much of the year, especially as the stock market plummeted and the economy remained weak.

For sterling-based investors, the returns from the D-Mark bloc markets were also boosted by sterling's 15 per cent depreciation against these currencies, with the Dutch bond market showing a 34.71 per cent rise in sterling terms, followed by Belgium (32.63 per cent), and Germany (31.34 per cent).

The US Treasury bond market gained 30.39 per cent in sterling terms, although it only showed a 7.21 per cent return in dollar terms. "The US Treasury bond market performed badly during the first four months of the year as investors started anticipating a pick-up in the economy," according to J. P Morgan. However, as the US economy remained weak, the US Treasury bond market rallied until the autumn.

Sara Webb

US MONEY AND CREDIT

Prices drift lower in thin trading

US TREASURY bond prices moved lower across the maturity spectrum yesterday morning in extremely thin post-Christmas holiday trading.

At midday, the benchmark 30-year issue stood at 102[illegible], down [illegible] from the close on December 24, to yield 7.40, up from 7.36.

The falling prices largely reversed a Christmas week rally which saw the yield on the long bond fall to 7.34 on Tuesday night - the first time in two months that it has dropped below 7.40.

However, weak demand at an auction of five-year Treasury notes helped send the market into reverse last Wednesday.

Yesterday, there was no fresh news on the US economy to spur strong movement, and traders said that the negative bias stemmed from a combination of factors, including tension in the Middle East following the shooting down of an Iraqi fighter aircraft.

The market was also continuing to digest last week's Treasury auctions of two and five-year notes, which attracted relatively little retail interest, leaving market traders with significant amounts of the issues on their books.

Wall Street was also nervously rethinking the more positive attitude it had adopted last week towards President-elect Bill Clinton.

The pre-Christmas rally stemmed largely from a growing belief that any stimulus to the economy he announced after taking office would be relatively modest, and thus would not re-ignite inflationary pressures.

That thinking was coupled with hope that Mr Clinton may be more inclined than previously expected to take action to reduce the Federal budget deficit.

However, some analysts yesterday expressed continuing unease with Mr Clinton's spending intentions.

The market was also absorbing the minutes of the Federal Reserve's November policy-making meeting, released on Christmas Eve, which showed that it tentatively agreed to reduce its 1993 money-supply growth targets to emphasise that it wanted " avoid any pick-up in inflation should the expansion gain momentum".

That line is consistent with Wall Street's expectation that there will be no more relaxation of monetary policy in this interest rate cycle and that the Fed may abandon its long-time bias towards easing quite soon.

Minutes of the Fed's latest policy-setting meeting, held last week, will not be released for another five weeks.

The market is expected to remain extremely quiet for the remainder of the holiday-shortened week, in spite of the publication of a raft of statistics, including those for consumer confidence, leading economic indicators and factory orders.

Martin Dickson

UK GILTS

Economic data give investors incentives

PRICES edged sideways in thin trading as the market digested recent indicators about inflationary conditions in the UK economy next year, together with the likely extremely heavy flow of new gilt issues.

The economic data of the past week have again underlined the fragility of the UK economy.

That gave investors more incentives to buy gilts on the assumption that inflationary pressures over the next 12 months will be weak.

Set against these trends, however, are indications that in the 1993-94 financial year the Bank of England may have to issue new gilts of about £1bn a month to fund the likely large public-sector borrowing requirement.

New issues on this scale could strain the government's system for channelling gilts into the market place and force up yields, with consequent downward pressure on prices.

Last week, 10-year gilt yields stayed generally steady at just above 10 per cent. There was some buying pressure from investors, resulting from government data suggesting that the increase in imports in recent months may have started to level off, a sign that any overall economic recovery is proceeding extremely slowly.

According to the Central Statistical Office (CSO), underlying import volumes, excluding oil and erratic items such as ships and aircraft, saw no growth in the three months to the end of November compared with the previous three months.

The CSO also said that, in the third quarter, the savings ratio – the percentage of consumers' personal disposable income channelled into savings – was 12.3 per cent, the highest quarterly figure since late 1984. The number was up from 11.4 per cent in the second quarter and indicates that consumers were still reluctant to step up spending – a development which, if repeated in the fourth quarter, is expected to hold back next year's expected economic upturn.

Peter Marsh

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHT	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 9 3/4 94	200	[illegible]		5.10
ABN 9 1/8 94	200	[illegible]	[illegible]	5.02
AETNA LIFE & CAS 7 3/4 16	200	[illegible]	[illegible]	7.51
ALBERTA PROVINCE 8 5/8 96	750	[illegible]	[illegible]	6.40
ALBERTA PROVINCE 9 3/8 95	600	109	[illegible]	5.83
AMERICAN EXPRESS 0 00	450	[illegible]	[illegible]	8.56
AMERICAN GENERAL 9 3/4 95	100	[illegible]	[illegible]	5.93
AMERICAN INTL 0 06	750	[illegible]	[illegible]	8.07
ASIAN DEV BANK 0 04	1000	[illegible]	[illegible]	7.79
ASIAN DEV BANK 8 96	100	[illegible]	[illegible]	6.36
AUSTRALIA 11 95	200	[illegible]	[illegible]	5.76
AUSTRIA 7 3/4 97	200	[illegible]	[illegible]	6.30
AUSTRIA 8 1/2 00	400	[illegible]	[illegible]	6.98
AUSTRIA 9 1/4 96	100	[illegible]	[illegible]	6.14
BANK OF TOKYO 9 3/8 96	100	106	[illegible]	6.27
BARCLAYS JERSEY 10 5/8 95	250	[illegible]	[illegible]	6.15
BASF FIN EUROPE 7 99	200	[illegible]	[illegible]	6.92
BAYER USA 8 1/4 96	150	[illegible]	[illegible]	6.43
BELGIUM 8 97	300	[illegible]	[illegible]	6.23
BELGIUM 8 3/4 98	400	[illegible]	[illegible]	6.72
BELGIUM 9.2 10	500	[illegible]	+1	7.82
BELGIUM 9 5/8 98	250	[illegible]	[illegible]	6.77
BFCE 7 3/4 97	150	[illegible]	[illegible]	6.38
BFCE 9 1/4 95	150	[illegible]	[illegible]	5.66
BNP 8 5/8 94	300	[illegible]	[illegible]	4.80
BOOTS 9 97	175	[illegible]	[illegible]	6.81
BP AMERICA 9 3/4 99	250	[illegible]	[illegible]	7.29
BP CAPITAL 9 1/8 94	75	[illegible]		5.33
BPCA FINANCE 8 3/8 98	150	[illegible]	[illegible]	7.11
BRITISH GAS 0 21	1500	[illegible]	[illegible]	8.70
BRITISH TELECOM FIN 8 3/4 99	200	[illegible]	[illegible]	7.02
BRITISH TELECOM FIN 9 3/8 98	250	[illegible]	[illegible]	6.95
CAISSE NAT ENERGIE 11 3/4 95	125	[illegible]		5.41
CANADA 9 96	1000	[illegible]	[illegible]	5.85
CANADA 10 95	500	[illegible]	[illegible]	5.73
CANADIAN PACIFIC 7 1/2 96	100	[illegible]	[illegible]	6.76
CARIPLO 8 3/4 98	200	[illegible]	[illegible]	7.54
CATERPILLAR FIN SERV 0 94	140	[illegible]	[illegible]	5.36
CCCE 8 3/4 99	200	[illegible]	[illegible]	6.89
CCCE 9 1/4 95	300	108	[illegible]	5.27
CENTRUST SAVINGS 0 10	1200	[illegible]	[illegible]	10.75
CHEVRON CORP 8 1/4 96	500	[illegible]	[illegible]	7.39
CHUBU ELEC POWER 8 1/4 98	350	[illegible]	[illegible]	7.04
CIA NAVIERA PEREZ 9 96	120	[illegible]	[illegible]	10.38
CNCA 7 1/2 94	150	103		4.74
CNT 8 1/2 93	160	[illegible]		4.83
COCA-COLA AMATIL 7 5/8 96	175	[illegible]	[illegible]	6.53
COMM BK AUSTRALIA 10 93	100	[illegible]		[illegible]
COMP BANCAIRE 8 1/4 98	250	[illegible]		4.98
COUNCIL EUROPE 8 96	100	[illegible]	[illegible]	6.20
CREDIT FONCIER 7 1/2 94	150	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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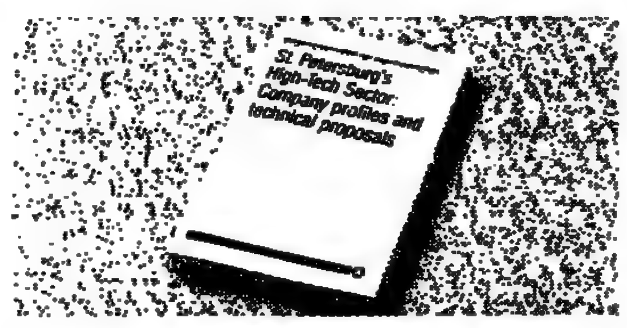

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INTERNATIONAL BOND MARKETS

Return of the nightmare on Eurobond Street

IT WAS like a bad sequel. The horror was over, tranquility had returned. The placid folk of the Eurobond market were going about their innocent business, making money. And then, just when they thought it was safe to go back into the water...

To the casual bather, the international bond markets certainly looked inviting at the start of this year. The bad, cut-throat days of the late 1980s were over. 1991 had brought rallies in most major bond markets. The fixed price reoffer method of selling bonds, introduced to the international market by Morgan Stanley, had helped to raise the profits of intermediaries.

This was going to be the year when banks sat back and raked in their fees. A strong US Treasury market, convergence among European currencies and big planned borrowings from sovereign and other top names all pointed to a banner year.

The shark had other ideas. Before the first quarter was out, some savage bidding and a deluge of bond offerings had churned up the placid waters of the market. Unwary swimmers lost a limb here or there, most notably when Finland sold Ecu500m of seven-year bonds through Yamaichi in February.

As in all bad sequels, the innocent Eurobond folk looked stunned and retreated to lick their wounds. They did not realise that worse was to come. No sooner had they plucked up the courage to dip a toe back in the lagoon than the shark struck again, this time swimming in from a different direction: Denmark. European bond convergence was not going to be achieved as smoothly as most had expected. Exit several more limbs.

At this point, the inhabitants of the bond markets demonstrated the sort of stoic heroism one expects at such times. They were not going to let it get them down. The Ecu still had a future, after all – in fact, it was now trading at well below its theoretical value (bonds denominated in this basket currency were yielding more than the sum of their constituent parts).

Surely, some suggested, it was a good time to buy?

This presumably had nothing to do with the fact that most market-makers were sitting on a mountain of the stuff. By July, however, the Ecu market-makers had let the cat out of the bag: they stopped making markets to each other, tacitly admitting to the world that this particular EC surplus was likely to take some time to shift.

The shark was circling, waiting to strike again. When it came in September, the denouement was frenzied and bloody. Even before French voters got to cast their verdict on the Maastricht treaty, the dream of bond market convergence in Europe had been dragged under in the churning waters of the ERM.

No sequel is complete without an unexpected twist. This one was provided by the Italian authorities, who decided that now was the moment to withdraw their withholding tax exemption for supranational borrowers – a concession which had effectively held down the yield spreads paid by all borrowers in the international bond markets. Already damaged by credit concerns, bond spreads duly widened.

As if that was not enough, the Italians returned for a second go, introducing the 12.5 per cent tax to repurchase agreements as well. This spelt the death of the international repo market in Italy, through which banks had recycled the tax concession to provide lower borrowing costs to their Italian customers. Some $20bn of international bonds would be released on to the secondary market as a result, it was estimated.

Was anyone brave enough to enter this maelstrom? Apparently so. The Kingdom of Spain decided now was the time to come up with its first Eurodollar bond issue, a $1.5bn seven-year effort. It was forced to increase the yield on its bonds by 10 basis points, to a spread over US Treasuries of 55 basis points – and even then the yield rose by another 10 basis points in the secondary market. To add insult to injury, Moody's Investors Service, the US rating agency, decided days later to put Spain's AA2 rating under review (though it later confirmed the rating at its existing level).

The waters calmed again. The shark was gone. The US election came and went and the Eurodollar market decided the world was not going to come to an end. Peace and normality returned. Big borrowers paid their underwriters fat commissions to produce successful transactions for them: the UK's DM5.5bn deal, for instance, and Sweden's $2.5bn issue. Finland made good past errors with a $2bn blow-out of a deal in November. Even Spain's Eurodollar issue was trading close to its issue price. The Eurobond folk went about their innocent business.

It was time to survey the damage. The camera panned back to take in the battered wreckage of this small-town community, revealing some marked difference in the features of the landscape. Things would never be the same again:

- The Ecu was nowhere to be seen, presumed lost at sea. In the first half of the year, the basket European currency had accounted for around 15 per cent of all international bond issues by value. In the second half, it made up less than 2 per cent.
- The D-Mark had swum to the rescue. From 10 per cent of the market in the first nine months, the D-Mark's share jumped to 24 per cent in the final quarter. Liberalisation of issuing rules in the German bond market in the summer had come just in time (this removed the requirement to list all D-Mark bonds on a German stock exchange, use a German bank as an issuing house and make the bonds subject to German law). Also, Morgan Stanley brought the fixed price reoffer system to Germany in the autumn. It was too early to tell, though, whether the D-Mark had really broken out of its retail origins to become a cornerstone of the international bond market.
- The US dollar had proved its value as a long-term vehicle for the Euromarkets. The days when it accounted for virtually all activity in the international markets may be long gone, with the currency accounting for less than 30 per cent of activity in the first half of the year. But with European currencies paralysed in the third quarter, the dollar made up 54 per cent of new bond issues (slipping back again to around a third in the final three months).
- Many of the swimmers were looking rather dishevelled. Most banks had invested heavily in the future of the Ecu (some, even now, could be heard singing its praises). A scattering of badly-priced deals had punctuated the year, the memory of which was not totally expunged by the placid ending.

Some appeared healthier than others. J. P. Morgan, Merrill Lynch and Goldman Sachs were reckoned to have had a more profitable time than most. Two other US banks had also impressed: Lehman Brothers, which clawed its way up the league table to 13th place, and Salomon, which had managed to hold onto its market share despite being effectively shut out of the market in the early months as punishment for last year's Treasuries scandal.

Deutsche Bank, meanwhile, had clawed its way to the top of the pile (claiming all the way that it had not been buying market share), supported by the two other big-volume houses, Nomura and Credit Suisse First Boston.

- There were also some new additions to the landscape. One was the structured floating rate note, designed to attract fixed-rate investors who thought dollar interest rates were about to rise. Kidder Peabody took the credit for introducing the cap-and-collar floater, which promised a minimum interest rate (usually of 5 per cent) higher than the current market rate. In return, investors gave up some of their yield if rates rose above this floor, and also accepted a ceiling above which their return could not rise. Contrary to most predictions, more than $7bn of such notes were sold, as UBS joined in by bringing a number of top-rated names to this market.

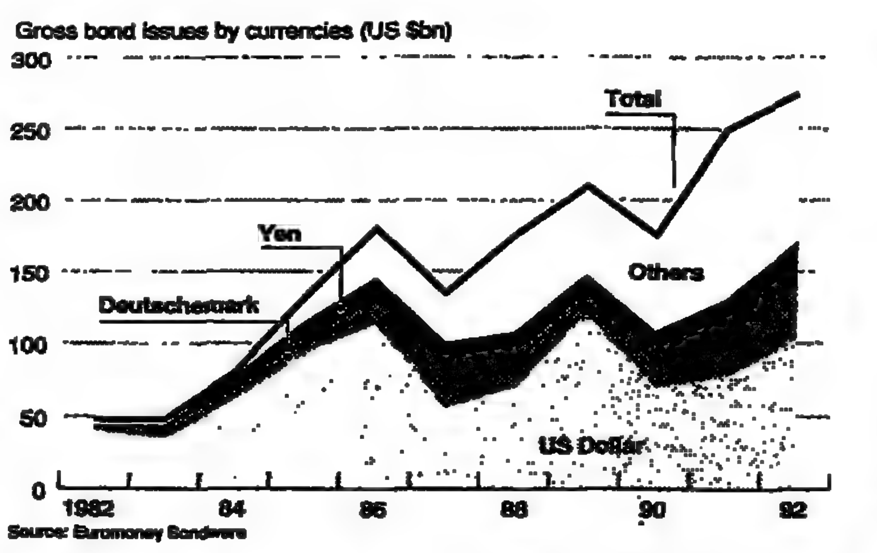
There were dark predictions that such instruments could yet disturb the tranquility. As interest rates rose towards or above the floor, who would want to buy them? Would the banks that helped issue them continue to bid actively, or would the market disappear?

These, though, were distant thoughts as the year drew to a close. 1993 was going to be a good year. Bond markets would rally. Underwriters would hold the line on fees and issuers were going to be sensible on pricing. Even the Ecu might stage a come-back. The next sequel really would be much happier – wouldn't it?

Richard Waters

International bond markets

Gross bond issues by currencies (US $bn)



Source: Euromoney Bondware

EUROBOND ISSUES BY CURRENCY

1992 Rank	Currency	Total raised ($bn)	No. of issues	1991 Rank	Total raised ($bn)	No. of issues
1	US$	103.15	513	1	78.73	401
2	Yen	33.33	160	2	34.64	210
3	D-Mark	33.11	141	6	17.69	143
4	FFr	22.73	107	7	16.54	84
5	Sterling	22.50	99	4	26.02	128
6	ECU	21.71	84	3	30.58	90
7	C$	16.04	89	5	22.48	165
8	Lira	7.83	37	8	9.00	56
9	Guilder	7.44	46	10	3.72	24
10	A$	4.95	56	9	4.43	57

Source: Euromoney Bondware

TOP EUROBOND LEAD MANAGERS

Manager	1992 $bn	Rank	%	Issues	1991 $bn	Rank	%	Issues
Deutsche Bank	21.58	1	7.87	69	14.93	4	6.04	80
Nomura Int.Group	19.60	2	7.14	86	21.46	1	8.68	162
Crdt Suisse/CSFB	16.24	3	5.92	68	17.10	2	6.91	65
Goldman Sachs	13.32	4	4.86	55	10.87	6	4.39	54
JP Morgan Secs.	12.69	5	4.62	41	7.24	13	2.93	34
Paribas	12.05	6	4.39	45	10.87	5	4.40	26
Merrill Lynch	11.77	7	4.29	56	8.57	10	3.46	80
UBS	11.19	8	4.08	50	8.28	11	3.35	34
Daiwa Europe	10.07	9	3.67	66	16.60	3	6.71	106
Yamaichi Int.	8.26	10	3.01	55	10.71	7	4.33	78
Nikko Europe	7.92	11	2.89	51	10.01	8	4.05	77
IBJ	7.15	12	2.61	23	5.42	17	2.19	24
Lehman Brothers	7.09	13	2.59	49	1.76	30	0.71	11
Salomon Brothers	6.58	14	2.40	30	5.99	16	2.42	18
Dresdner Bank	6.50	15	2.37	24	4.90	19	1.98	32
Morgan Stanley	6.19	16	2.26	28	9.28	9	3.75	17
CCF	5.88	17	2.15	23	5.36	18	2.17	21
Swiss Bank Corp.	5.59	18	2.04	32	7.93	12	3.21	37
SG Warburg Secs.	5.53	19	2.02	19	6.67	14	2.70	28
Citicorp Group	4.45	20	1.62	24	0.54	50	0.22	9
Industry totals	†274.36		100.00	1359	247.37		100.00	1416

† Preliminary Figures – Full credit to book runner

Source: Euromoney Bondware

Lehman Brothers to advise OMV on potential partners

By Ian Rodger in Zurich

OMV, the state-controlled Austrian oil and chemicals group which has a stock market listing, has appointed Lehman Brothers International to advise on the selection of new strategic investors and business partners.

The appointment follows the decision by the Austrian state holding company, Osterreichische Industrieholding, which owns 70 per cent of OMV shares, to sell another large block to cover losses in its other holdings.

The Austrian press has speculated that stakes in OMV might be purchased by a leading international oil company or the government of an oil-producing country, such as Kuwait.

OMV is seeking to strengthen its position in the promising oil and gas markets of central and eastern Europe, and new shareholder-partners could help it achieve those goals.

RISK AND REWARD

Derivatives rush to catch up with emerging markets

TAKE the following blueprint for a market. Turnover: officially reckoned at $120bn in the first 10 months of this year, though some market estimates put it at twice this level. Performance: the best-performing dollar-denominated debt markets in 1990 and 1991, though total return to investors in 1992 was only around 5 per cent. Future prospects: unstable political background and uncertain economic outlook likely to lead to continued extreme volatility.

This is the secondary market in the debt of lesser-developed countries (LDCs), one of the fastest-growing financial markets since the late 1980s. Sophistication, in the form of over-the-counter risk-management (or risk-enhancing) instruments, is only just catching up.

Derivatives are particularly suited to LDC markets (now usually lumped together under the fashionable "emerging markets" banner). Many institutions have not been able to buy the actively traded external bank debt of these countries: to do so would effectively constitute making a loan, something that many investors are forbidden by their trust deeds from doing.

The only alternative for these institutions has been to buy options over the traded debt, or to buy structured instruments which pay a return based on the performance of the debt. However, as more countries have reached official debt-reduction agreements, this has become less of a motivation.

Another reason for buying derivatives rather than investing directly in the cash market has been the generally weak credit standing of most of the countries involved. A banker faced with a low exposure limit to, say, Argentina could gear up by buying call options on the country's par bonds, rather than buying the bonds themselves.

The privatisation programmes of countries like Argentina also generate demand for options. Argentina accepts its own external debt in part payment when selling state-owned companies: bidders may therefore think it worthwhile to buy options over the country's debt, against the possibility that they are successful and will need the debt in the future.

There is also a growing "retail" market in derivatives based on the debt of these countries – that is, for investors with upwards of $250,000 to put aside. This year has seen the creation of warrants on debt from Brazil to Poland, giving many investors their first chance to bet on these debt markets. Given the low (or falling) rates of interest available in many developed countries, there has been a steady market for such products, tied as they are to dollar-denominated instruments.

The strong performance in many LDC debt markets at the beginning of the 1990s may have blinded some of the investors to the very real risks that remain. The return to international financial respectability of some parts of Latin America (which accounts for the lion's share of the debt outstanding, and therefore most of the weighting in any emerging markets debt index) explains the strong performance. But recent political turmoil in Venezuela – one of the stars of the debt-reduction era – and Brazil point to the dangers.

The degree of risk is born out by the implied volatility levels in the options markets – that is, the extent to which secondary market debt prices are expected to move, implicit in the pricing of an option. There has been a steadily declining trend in volatility levels in the past three years, with Mexico now down to a range of 7 to 13 per cent. Implied volatility on Venezuelan debt is also less than 20 per cent, though on Argentina it is 20 to 25 per cent and on Brazil, 30 to 35 per cent. These figures reveal the substantial risks that remain.

Nor is the option market as liquid as is sometimes claimed. True, the market has improved greatly over the past year: bid/offer spreads have narrowed from around a half to a quarter of a point in that time, according to one bank which buys but does not trade in options. This is due to the advent in New York of a group of active option market-makers. Most traders there point to Merrill Lynch and Chase Manhattan as the most aggressive, with J. P. Morgan, ING and Chemical also active. However, there are still complaints about the difficulty of cashing in an option position when the market has moved in the holder's favour.

A number of banks have invested heavily in these derivatives markets over the past year. Usually, they have brought in experts from other markets, hoping to transplant skills learnt in other over-the-counter markets. Typical are Mr Mark Brickell, of J. P. Morgan, and Mr Christopher English, of Merrill Lynch. Both had spent several years in the swaps markets (Mr Brickell is a former chairman of the International Swaps Dealers Association) before being appointed to run emerging markets derivatives groups at their respective banks this year. Given the scale of the LDC debt markets – and the new international interest in emerging equity markets – other banks look likely to follow suit.

Richard Waters

WORLD COMMODITIES PRICES

MARKET REPORT

London Metal Exchange base metals prices moved irregularly during a thin and shortened Christmas eve grading session as dealers squared their books ahead of the holiday, traders said. Three months delivery **COPPER** dipped to $2,258 a tonne early on but recovered to $2,270 before ending at about $2,265, up $8 from Wednesday. **ALUMINIUM** rose on short covering prompted by recent support around $1,250 a tonne. Last business was at $1,255 a tonne, up $5.50. In the absence of a lead from the closed Kuala Lumpur market, **TIN** relinquished some of its recent price advance, with cash metal ending $20 down at $5,840 a tonne. Robusta **COFFEE** futures closed with losses of $2 to $9 a tonne on key positions in very quiet conditions. Dealers continued to attribute the decline to a downside technical correction following the recent advance to 20-month highs. **COCOA** futures ended narrowly mixed as the market continued to struggle to overcome resistance in the £695-£700 area, for March delivery. The **GOLD** market showed little life.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.55-60u C	
Brent Blend (dated)	$18.20-30u C	
Brent Blend (Feb)	$18.60-65 C	
W.T.I (1 pm est)	$18.85-95 C	

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$191-193C	
Gas Oil ♦	$182-183C	
Heavy Fuel Oil	$73-75 C	
Naphtha	$180-181C	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$332.85	
Silver (per troy oz)♣	370.50c	
Platinum (per troy oz)	$360.60	+1
Palladium (per troy oz)	$107.00	+0.75
Copper (US Producer)	104.5c	
Lead (US Producer)	34.625c	
Tin (Kuala Lumpur market)	14.51rC	
Tin (New York)	268.5c	+1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	116.71C	*
Sheep (live weight)†♣	83.59pC	*
Pigs (live weight)†	85.18C	*
London daily sugar (raw)	$205wC	
London daily sugar (white)	248wC	
Tate and Lyle export price	£242C	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£165.5	
Wheat (US Dark Northern)	Unq	
Rubber (Jan)♥	62.75pC	
Rubber (Feb)♥	63.00pC	
Rubber (KL RSS No 1 Jan)	226m C	
Coconut oil (Philippines)§	$465y	
Palm Oil (Malaysian)§	Unq	
Copra (Philippines)§	$262.5	-7.5
Soyabeans (US)	£173.0	
Cotton "A" index	54.55c	0.1
Wooltops (64s Super)	396p C	

C Rates shown for Dec23. £ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jan/Feb u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices. ♦ Gas Oil Price for 3/12/1992 174-175 down 2

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	180.40	179.00	180.40
White	**Close**	**Previous**	**High/Low**
Mar	247.50	246.50	248.10 246.50
Aug	254.90	254.00	255.80

Turnover: Raw 0 (7) lots of 50 tonnes. White 108 (127) Paris- White (FFr per tonne): Mar 1354.80 May 1361.70

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Feb	18.70	18.61	18.72 18.67
Mar	18.79	18.67	18.82 18.75
Apr	18.82	18.72	18.84 18.79
Jun	18.81	18.69	18.81
IPE index	18.59	18.54	

Turnover 8049 (18930)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jan	178.50	177.00	178.75 177.75
Feb	179.75	178.25	179.75 179.00
Mar	178.50	177.75	178.75 178.25
Apr	175.25	174.50	176.25 175.25
May	174.00	173.25	174.75 174.00
Jun	173.00	172.50	173.75 173.00
Jul	175.50	174.50	175.50 175.25

Turnover 4753 (12858) lots of 100 tonnes

SPICES

Most markets felt quiet due to coming holidays. Cassia/cinnamon: nearby positions tight, demand small. Nutmegs/mace spot unchanged, shipment weak. Ginger: New crop is declining. Although the harvest is widely expected to be considerably less than last year, local and export demand have been soft. This could turn around quickly. Spots are small and will not cushion the trade. Cloves: Brazilian crop is in full swing, however crop shall be below normal. Pimento: both Jamaican and Mexico spot europe very tight. Tendency firm.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	677	684	680 670
Mar	693	694	699 693
May	714	710	713 708
Jul	727	725	728 724
Sep	743	741	742 737
Dec	767	764	764 759
Mar	784	785	781
Sep	826	830	824

Turnover: 2239 (5069) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Dec.24 738.55 (729.77) 10 day average for Dec 23 730.67 (729.82)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jan	1037	1039	1036 1034
Mar	1055	1061	1058 1053
May	1018	1024	1020 1015
Jul	1002	1008	1007 1001
Sep	1005	1011	1011
Nov	1019	1018	1017

Turnover:644 (7283) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Dec.23: Comp. daily 64.96 (66.60) 15 day average 64.16 (63.94)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	64.3	64.5	66.0
May	70.4	71.5	72.0 70.5

Turnover 34 (90) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	157.00	156.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Oct	1330	1328	1330 1312
BFI	1378	1376	

Turnover 10 (77)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	137.75	137.40	137.75 135.00
May	139.80	139.80	139.80 139.75
Barley	**Close**	**Previous**	**High/Low**
Jan	132.10	131.10	

Turnover: Wheat 66 (161), Barley 0 (437). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	101.9	102.3	

Turnover:0 (17) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 44,568 lots
Cash	1229.5-30.5	1226-7		1229.5-30.5		
3 months	1254-4.5	1249-50	1254.5/1251	1254-4.5	1254-5	182,111 lots
Copper, Grade A (£ per tonne)						Total daily turnover 36,239 lots
Cash	1482-3	1466-7	1483/1463	1482-3		
3 months	1488.5-9.0	1490-1	1495/1487	1488.5-9.0	1494-7	142,651 lots
Lead (£ per tonne)						Total daily turnover 3,601 lots
Cash	290-1	295.5-6.5	292/292	290-1		
3 months	302.25-2.5	308-7	306/302	302.25-2.5	305-4	23,437 lots
Nickel ($ per tonne)						Total daily turnover 11,090 lots
Cash	5830-5	5860-70		5830-5		
3 months	5904-5	5930-5	5930/5904	5904-5	5900-5	40,798 lots
Tin ($ per tonne)						Total daily turnover 3,027 lots
Cash	5790-800	5790-800		5790-800		
3 months	5840-50	5855-60	5850/5835	5840-50	5840-60	9,288 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 12,744 lots
Cash	1059-60	1058-9	1058/1058	1059-60		
3 months	1077-7.5	1077-8	1081/1077	1077-7.5	1078-8	72,063 lots

LME Closing £/$ rate: SPOT: 1.5265 3 months: 1.5122 6 months: 1.5016 9 months: 1.4936

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	333.00-333.30	
Opening	332.90-333.30	
Morning fix	332.90	217.227
Afternoon fix	-	-
Day's high	333.20-333.60	
Day's low	332.90-333.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.30	6 months	2.00
2 months	1.43	12 months	2.41
3 months	1.48		

Silver fix	p/troy oz	US cts equiv
Spot	242.50	368.50
3 months	-	371.55
6 months	-	374.65
12 months	-	382.35

GOLD COINS

	$ price	£ equivalent
Krugerrand	332.00-334.00	216.00-218.00
Maple leaf	342.85-345.10	-
New Sovereign	79.00-81.00	51.00-53.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1175	60	91	3	9
1200	37	72	3	15
1200	18	56	8	23
Copper (Grade A)	**Calls**		**Puts**	
2100	155	172	3	6
2150	105	129	3	12
2200	57	91	5	24
Coffee	**Mar**	**May**	**Mar**	**May**
950	132	110	8	29
1000	94	75	16	49
1050	58	50	34	78
Cocoa	**Mar**	**May**	**Mar**	**May**
650	44	50	13	28
675	29	38	21	43
700	15	30	51	50
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1800			8	18
1850	21	41	16	30
1900	10	22		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	332.9	332.9	333.5	333.0
Jan	333.0	333.0	0	0
Feb	333.4	333.4	334.8	333.3
Apr	334.5	334.5	335.9	334.3
Jun	335.9	335.9	337.3	336.7
Aug	337.4	337.4	337.7	337.7
Oct	339.0	339.0	0	0
Dec	340.6	340.8	341.5	341.5
Feb	342.9	342.9	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	359.1	358.7	361.0	359.2
Apr	358.6	357.4	360.0	357.4
Jul	357.6	356.4	359.0	358.0
Oct	356.6	355.4	0	0
Jan	356.6	355.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	366.8	366.9	368.5	366.0
Jan	366.9	367.0	366.0	366.0
Feb	368.1	368.4	0	0
Mar	369.0	369.3	372.5	368.5
May	371.7	372.0	374.5	371.5
Jul	374.3	374.6	377.5	374.0
Sep	377.1	377.4	379.0	379.0
Dec	381.5	381.8	383.5	382.0
Jan	382.7	383.0	0	0
Mar	386.5	386.8	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	100.80	101.30	101.40	100.70
Jan	101.20	101.60	101.65	101.00
Feb	101.65	102.00	0	0
Mar	102.00	102.40	102.65	101.30
Apr	102.30	102.70	0	0
May	102.55	103.00	103.00	102.65
Jun	102.80	103.25	0	0
Jul	103.00	103.45	103.35	103.30
Aug	103.20	103.65	0	0
Sep	103.40	103.80	103.70	103.70

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	19.97	19.95	20.08	19.88
Mar	20.06	20.01	20.18	19.95
Apr	20.09	20.05	20.18	20.08
May	20.12	20.07	20.20	20.07
Jun	20.11	20.07	20.20	20.07
Jul	20.11	20.08	20.13	20.09
Aug	20.09	20.06	20.10	20.10
Sep	20.12	20.06	20.12	20.08
Oct	20.12	20.08	20.10	20.10
Nov	20.09	20.04	20.05	20.08

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	58.20	58.85	59.25	57.90
Feb	58.75	59.25	59.50	58.40
Mar	57.90	58.28	58.30	57.70
Apr	56.95	57.05	57.05	56.75
May	55.60	55.86	55.80	55.60
Jun	55.15	55.31	55.30	54.95
Jul	55.15	55.31	0	0
Aug	55.55	55.71	55.71	55.71
Sep	56.75	56.81	56.81	56.75
Oct	57.86	57.86	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	932	966	969	951
May	961	996	992	980
Jul	1004	1017	1015	1006
Sep	1027	1040	1037	1037
Dec	1060	1073	1061	1060
Mar	1097	1110	0	0
May	1117	1130	0	0
Jul	1142	1155	0	0
Sep	1162	1175	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	80.25	78.10	80.86	78.25
May	84.35	82.35	84.90	82.50
Jul	86.80	83.75	86.05	84.25
Sep	87.25	85.15	87.50	86.00
Dec	88.15	86.95	0	0
Mar	89.75	88.25	0	0
May	91.25	89.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.21	8.21	8.26	8.20
May	8.36	8.34	8.39	8.34
Jul	8.44	8.45	8.48	8.43
Oct	8.49	8.52	8.52	8.50
Mar	8.62	8.62	8.62	8.62
May	8.72	8.72	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	58.88	58.06	58.95	58.20
May	59.85	59.05	59.95	59.30
Jul	60.85	60.18	60.85	60.40
Oct	59.85	59.41	60.00	59.60
Dec	58.77	58.25	58.90	58.30
Mar	59.40	59.05	0	0
May	59.60	59.50	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	89.00	93.30	91.25	88.60
Mar	92.60	96.90	94.50	92.60
May	94.95	98.25	96.00	94.75
Jul	95.95	100.05	96.80	97.00
Sep	97.55	98.75	98.05	97.50
Nov	97.55	98.75	99.00	98.00
Jan	97.55	98.75	99.00	97.65
Mar	97.55	98.75	0	0
May	97.05	98.75	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Dec.24	Dec.23	mnth ago	yr ago
1656.9	1655.8	1654.1	-

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec.23	Dec.22	mnth ago	yr ago
Spot	121.46	121.32	-	112.66
Futures	121.75	122.08	-	120.67

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	572/2	577/2	579/0	572/0
Mar	577/2	582/2	584/4	577/0
May	583/4	588/2	590/0	583/4
Jul	589/6	594/4	596/4	589/4
Aug	591/4	596/2	598/4	591/4
Sep	592/4	596/0	596/0	592/4
Nov	596/2	598/4	600/4	596/0
Jan	603/4	606/6	607/0	603/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.84	20.84	21.01	20.78
Mar	21.13	21.08	21.27	20.97
May	21.30	21.23	21.44	21.16
Jul	21.47	21.36	21.61	21.30
Aug	21.47	21.37	21.65	21.46
Sep	21.48	21.41	21.65	21.48
Oct	21.50	21.41	21.65	21.50
Dec	21.55	21.50	21.75	21.53

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	187.3	189.4	189.5	187.2
Mar	185.8	188.0	188.2	185.7
May	186.9	187.6	187.7	186.8
Jul	187.4	189.0	189.0	187.3
Aug	188.1	189.7	189.3	188.1
Sep	189.1	190.6	190.5	189.0
Oct	190.7	192.3	191.8	190.7
Dec	193.0	194.0	193.6	193.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	219/2	219/6	220/2	219/0
May	226/2	226/4	227/0	226/0
Jul	232/2	232/4	232/6	231/4
Sep	236/2	236/6	236/6	236/2
Dec	241/2	241/6	241/6	241/2
Mar	248/4	248/6	248/4	246/0
May	253/0	253/2	253/0	253/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	353/2	358/4	360/0	358/0
May	338/0	343/0	344/0	338/0
Jul	314/2	318/4	318/6	314/0
Sep	321/0	324/0	323/2	321/0
Dec	331/0	334/4	334/0	331/0
Mar	336/0	338/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	76.375	76.378	76.400	76.025
Apr	76.150	76.025	76.175	75.700
Jun	72.600	72.425	72.600	72.250
Aug	70.775	70.750	70.650	70.625
Oct	71.200	71.100	71.200	71.000
Dec	71.800	71.850	71.900	71.700
Feb	76.375	76.575	76.400	76.025

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	43.825	43.875	43.900	43.600
Apr	42.450	42.300	42.525	42.300
Jun	46.975	47.125	47.125	46.875
Jul	46.500	46.700	46.750	46.500
Aug	45.250	46.350	45.450	46.200
Oct	41.400	41.500	41.500	41.300
Dec	42.700	42.675	42.700	42.500
Feb	42.950	42.900	43.000	42.950

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	37.375	37.450	37.550	37.200
Mar	37.600	37.575	37.725	37.450
May	38.825	38.750	38.900	38.650
Jul	39.250	39.375	39.300	39.000
Aug	37.425	37.825	37.900	37.450

RISK AND REWARD

...vatives rush ...tch up with ...ging markets

Richard W...

Chicago

MARKET STATISTICS

RISES AND FALLS FOR DECEMBER 24

	Rises	Falls	Same
British Funds	35	2	49
Other Fixed Interest	10	2	9
Commercial, Industrial	269	127	1,030
Financial & Property	194	32	571
Oil & Gas	12	6	67
Plantations	0	0	9
Mines	13	15	113
Others	22	20	76
Totals	555	204	1,912

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-
35	Nil	18/1	4pm	3pm	[illegible]	3pm	
100	Nil	1/2	27pm	24pm	Learmonth & Burchett	26pm	
85	Nil	5/2	1½pm	¾pm	Loarbo	¾pm	+¼
25	P.P.	1/5	20	10	Property Trust	13	
240	Nil	27/1	60pm	43pm	Seton Healthcare	60pm	+2

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. s Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. u Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Dec. 21
- Last Dealings Jan. 8
- Last Declarations March 25
- For settlement April 5

3-month call rate indications are shown in Saturday editions.

Data was not available from source.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar (*84)	80	8	12	15	3½	7	10
	90	3	7	9½	10	13	16
Utd. Biscuits (*367)	360	18	29	35	6	18	24
	390	6	13	21	23	36	40
Unilever (*1119)	1100	41	63	81	13	34	46
	1150	14	36	54	42	63	75
Blue Circle (*199)	180	32	37	44	11	19	24
	200	21	27	33	19	30	34
British Gas (*288)	280	19½	23	27	7	15	17
	300	9	12½	18	19	27	29
Dixons (*258)	240	34	44	50	9½	15	21
	260	24	32	38	18	24	30
Eurotunnel (*334)	330	38	50	60	25	33	40
	360	22	35	47	43	50	57

Option		Feb	May	Aug	Feb	May	Aug
Brit Aero (*157)	140	28	34	40	9	17	22
	160	18	25	32	18	28	32

EURO FT-SE INDEX (*2827) / FT-SE INDEX (*2827): [illegible]

December 24 Total Contracts 6,337
Calls 5,423 Puts 1,094
FT-SE Index Calls 1,885 Puts 585
Euro FT-SE Calls 11 Puts 26
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Wed Dec 24	Day's change %	Tue Dec 23	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	127.79	+0.15	127.60	1.99	12.46
2	5-15 years (23)	145.75	+0.17	145.51	2.13	13.51
3	Over 15 years (8)	153.37	+0.13	153.17	2.48	12.15
4	Irredeemables (6)	171.84	+0.12	171.64	2.11	13.68
5	All stocks (61)	142.14	+0.16	141.92	2.15	13.22
	Index-Linked					
6	Up to 5 years (2)	183.75	+0.06	183.64	0.93	3.68
7	Over 5 years (11)	165.02	+0.38	164.40	0.73	4.93
8	All stocks (13)	166.34	+0.33	165.78	0.75	4.74
9	Debs & Loans (62)	123.85	+0.10	123.73	2.69	11.27

	AVERAGE GROSS REDEMPTION YIELDS		Wed Dec 24	Tue Dec 23	Year ago (approx.)
	British Government				
1	Low	5 years	7.16	7.18	8.98
2	Coupons	15 years	8.19	8.19	9.47
3	(0%-7¾%)	20 years	8.45	8.45	9 47
4	Medium	5 years	7.50	7.51	9.91
5	Coupons	15 years	8.61	8.61	9.57
6	(8%-10¾%)	20 years	8.79	8.80	9.52
7	High	5 years	7.72	7.74	10.13
8	Coupons	15 years	8.90	8.90	9.64
9	(11%-)	20 years	8.99	8.98	9.57
10	Irredeemables(Flat Yield)		8.87	8.87	9.69
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.54	2.52	4.11
12	Inflation rate 5%	Over 5 yrs.	3.85	3.87	4.42
13	Inflation rate 10%	Up to 5 yrs.	1.71	1.67	3.45
14	Inflation rate 10%	Over 5 yrs.	3.66	3.68	4.24
15	Debs &	5 years	8.94	8.96	11.36
16	Loans	15 years	9.84	9.86	11.14
17		25 years	10.04	10.04	10.93

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Thursday, December 24, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	64.7845	40.6762	52.3056
Albania	(Lek)	168.63	110.072	69.1106	88.8695
Algeria	(Dinar)	33.86	22.1018	13.877	17.8445
Andorra	(Fr Fr)	8.3225	5.4324	3.4108	4.386
	(Sp Peseta)	172.40	112.533	70.6557	90.8563
Angola	(Kwanza)	876.17	571.913	359.086	461.75
Antigua	(E Carr $)	4.14	2.7023	1.6967	2.1818
Argentina	(Peso)	1.5208	0.9926	0.6232	0.8014
Aruba	(Florin)	2.7440	1.7911	1.1245	1.4461
Australia	(Aus $)	2.2130	1.4445	0.9069	1.1662
Austria	(Schilling)	17.115	11.1716	7.0143	9.0197
Azores	(Port Escudo)	219.50	143.277	89.959	115.679
Bahamas	(Bahama $)	1.5320	1	0.6278	0.8073
Bahrain	(Dinar)	0.5910	0.3857	0.2422	0.3114
Balearic Is	(Sp Peseta)	172.40	112.533	70.6557	90.8563
Bangladesh	(Taka)	60.0611	39.2043	24.6152	31.6527
Barbados	(Barb $)	3.0833	2.0125	1.2636	1.6249
Belgium	(Belg Fr)	50.15	32.7349	20.5532	26.4295
Belize	(B $)	3.066	2.0013	1.2565	1.6158
Benin	(CFA Fr)	416.125	271.622	170.543	219.302
Bermuda	(Bermudian $)	1.5320	1	0.6278	0.8073
Bhutan	(Ngultrum)	44.203	28.8531	18.1159	23.2953
Bolivia	(Boliviano)	6.2699	4.0926	2.5696	3.3042
Botswana	(Pula)	3.4656	2.2621	1.4203	1.8264
Brazil	(Cruzeiro)	18023.00	11764.4	7386.48	9498.29
Brunei	(Brunei $)	2.5118	1.6395	1.0294	1.3237
Bulgaria	(Lev)	36.636	23.9138	15.0147	19.3075
Burkina Faso	(CFA Fr)	416.125	271.622	170.543	219.302
Burma	(Kyat)	9.8485	6.4285	4.0362	5.1902
Burundi	(Burundi Fr)	364.73	238.074	149.48	192.216
Cambodia	(Riel)	3066.0	2001.31	1256.56	1615.81
Cameroon	(CFA Fr)	416.125	271.622	170.543	219.302
Canada	(Canadian $)	1.9275	1.2581	0.7899	1.0158
Canary Is	(Sp Peseta)	172.40	112.533	70.6557	90.8563
Cp. Verde	(CV Escudo)	110.95	72.4216	45.4713	58.4716
Cayman Is	(CI $)	1.3030	0.8505	0.534	0.6866
Cent.Afr. Rep	(CFA Fr)	416.125	271.622	170.543	219.302
Chad	(CFA Fr)	416.125	271.622	170.543	219.302
Chile	(Chilean Peso)	590.70	385.574	242.09	311.304
China	(Renminbi Yuan)	8.7802	5.7312	3.5984	4.6272
Colombia	(Col Peso)	1242.38	810.953	509.172	654.746
CIS ♦	(Rouble)	0.8762o	0.5719	0.359	0.4617
		646.90m	422.258	265.123	340.922
Comoros	(CFA Fr)	416.125	271.622	170.543	219.302
Congo (Brazz)	(CFA Fr)	416.125	271.622	170.543	219.302
Costa Rica	(Colon)	210.60	137.467	86.3114	110.988
Côte d'Ivoire	(CFA Fr)	416.125	271.622	170.543	219.302
Croatia	(Dinar)	1149.24	750.157	471	605.66
Cuba	(Cuban Peso)	1.1610	0.7578	0.4758	0.6118
Cyprus	(Cyprus £)	0.7320	0.4778	0.3	0.3857
Czechoslovakia	(Koruna)	44.542c	29.0744	18.2549	23.474
		43.17t	28.1788	17.6926	22.7509
Denmark	(Danish Kroner)	9.4075	6.1406	3.8555	4.9578
Djibouti Rep	(Djib Fr)	275.50	179.83	112.91	145.191
Dominica	(E Carrib $)	4.14	2.7023	1.6967	2.1818
Dominican Rep	(D Peso)	19.929	13.0084	8.1676	10.5027
Ecuador	(Sucre)	2895.25o	1889.85	1186.58	1525.82
		2920.29a	1906.19	1196.84	1539.02
Egypt	(Egyptian £)	5.04	3.2898	2.0655	2.6561
El Salvador	(Colon)	13.6937	8.9384	5.6121	7.2167
Equat'l Guinea	(CFA Fr)	416.125	271.622	170.543	219.302
Estonia	(Kroon)	19.8960	12.9869	8.154	10.4853
Ethiopia	(Ethiopian Birr)	7.5933	4.9564	3.112	4.0017
Falkland Is	(Falk £)	1.00	0.6527	0.4098	0.527
Faroe Is	(Danish Kroner)	9.4075	6.1406	3.8555	4.9578
Fiji Is	(Fiji $)	2.4083	1.5719	0.987	1.2691
Finland	(Markka)	7.9905	5.2157	3.2747	4.211
France	(Fr)	8.3225	5.4324	3.4108	4.386
Fr. Cty/Africa	(CFA Fr)	416.125	271.622	170.543	219.302
Fr. Guiana	(Local Fr)	8.3225	5.4324	3.4108	4.386
Fr. Pacific Is	(CFP Fr)	151.25	98.7271	61.9877	79.7101
Gabon	(CFA Fr)	416.125	271.622	170.543	219.382

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Gambia	(Dalasi)	13.399	8.746	5.4913	7.0613
Germany	(D-Mark)	2.4400	1.5926	1	1.2859
Ghana	(Cedi)	796.875	520.153	326.588	419.96
Gibraltar	(Gib £)	1.00	0.6527	0.4098	0.527
Greece	(Drachma)	322.55	210.542	132.193	169.987
Greenland	(Danish Krone)	9.4075	6.1406	3.8555	4.9578
Grenada	(E Carr $)	4.14	2.7023	1.6967	2.1818
Guadaloupe	(Local Fr)	8.3225	5.4324	3.4108	4.386
Guam	(US $)	1.5320	1	0.6278	0.8073
Guatemala	(Quetzal)	8.3571	5.455	3.425	4.4042
Guinea	(Fr)	1245.24	812.82	510.344	656.253
Guinea-Bissau	(Peso)	7665.0	5003.26	3141.39	4039.53
Guyana	(Guyanese $)	193.158	126.082	79.1631	101.796
Haiti	(Goude)	17.63	11.5078	7.2254	9.2911
Honduras	(Lempira)	9.2178	6.0168	3.7777	4.8578
Hong Kong	(HK $)	11.8570	7.7395	4.8594	6.2487
Hungary	(Forint)	127.42	83.1723	52.2213	67.1515
Iceland	(Icelandic Krona)	96.81	63.1919	39.6762	51.0197
India	(Indian Rupee)	44.203	28.8531	18.1159	23.2953
Indonesia	(Rupiah)	3155.57	2059.77	1293.27	1663.01
Iran	(Rial)	2267.0u	1479.77	929.098	1194.73
		101.85o	66.4817	41.7418	53.6758
Iraq	(Iraqi Dinar)	0.5936	0.3874	0.2432	0.3128
Irish Rep	(Punt)	0.9200	0.6005	0.377	0.4848
Israel	(Shekel)	4.20	2.7415	1.7213	2.2134
Italy	(Lira)	2182.25	1424.45	894.365	1150.07
Jamaica	(Jamaican $)	34.43	22.4738	14.1106	18.1449
Japan	(Yen)	189.75	123.858	77.7663	100
Jordan	(Jordanian Dinar)	1.0540	0.6879	0.4319	0.5554
Kenya	(Kenya Shilling)	57.40	37.4673	23.5245	30.2503
Kiribati	(Australian $)	2.2120	1.4438	0.9065	1.1657
Korea North	(Won)	3.295	2.1507	1.3504	1.7364
Korea South	(Won)	1204.63	786.312	493.701	634.851
Kuwait	(Kuwaiti Dinar)	0.46250	0.3018	0.1895	0.2437
Laos	(New Kip)	1096.10	715.47	449.221	577.685
Lebanon	(Lebanese £)	2819.50	1840.4	1155.53	1485.9
Lesotho	(Maluti)	4.6213	3.0165	1.8939	2.4354
Liberia	(Liberian $)	1.5320	1	0.6278	0.8073
Libya	(Libyan Dinar)	0.4410	0.2878	0.1807	0.2324
Liechtenstein	(Swiss Fr)	2.2050	1.4392	0.9036	1.162
Luxembourg	(Lux Fr)	50.15	32.7349	20.5532	26.4295
Macao	(Pataca)	12.2521	7.9974	5.0213	6.4569
Madagascar	(MG Fr)	2862.07	1868.19	1172.98	1508.34
Madeira	(Port Escudo)	219.50	143.277	89.959	115.679
Malawi	(Kwacha)	6.604	4.3107	2.7065	3.4803
Malaysia	(Ringgit)	3.9825	2.5995	1.6321	2.0988
Maldive Is	(Rufiya)	18.36	11.9843	7.5245	9.6758
Mali Rep	(CFA Fr)	416.125	271.622	170.543	219.302
Malta	(Maltese £)	0.5736	0.3744	0.235	0.3022
Martinique	(Local Fr)	8.3225	5.4324	3.4108	4.386
Mauritania	(Ouguiya)	162.49	106.064	66.5942	85.6337
Mauritius	(Maur Rupee)	25.58	16.6971	10.4836	13.4808
Mexico	(Mexican Peso)	4772.3	3115.08	1955.86	2515.05
Miquelon	(Local Fr)	8.3225	5.4324	3.4108	4.386
Monaco	(French Fr)	8.3225	5.4324	3.4108	4.386
Mongolia	(Tugrik)	61.32	40.0261	25.1311	32.3162
Montserrat	(E Carr $)	4.14	2.7023	1.6967	2.1818
Morocco	(Dirham)	12.8030	8.357	5.2471	6.7472
Mozambique	(Metical)	4194.04	2737.62	1718.87	2210.3
Namibia	(S A Rand)	4.6213	3.0165	1.8939	2.4354
Nauru Is	(Australian $)	2.2120	1.4438	0.9065	1.1657
Nepal	(Nepalese Rupee)	69.950	45.6592	28.668	36.8642
Netherlands	(Guilder)	2.7450	1.7917	1.125	1.4466
N'nd Antilles	(A/Guilder)	2.7441	1.7911	1.1246	1.4461
New Zealand	(NZ $)	2.9695	1.9383	1.217	1.5649
Nicaragua	(Gold Cordoba)	7.665	5.0032	3.1413	4.0395
Niger Rep	(CFA Fr)	416.125	271.622	170.543	219.302
Nigeria	(Naira)	32.193	21.0137	13.1938	16.966
Norway	(Nor. Krone)	10.3800	6.7754	4.254	5.4703
Oman	(Rial Omani)	0.6035	0.3939	0.2473	0.318

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	39.104	25.5248	16.0262	20 6081
Panama	(Balboa)	1.5320	1	0.6278	0.8073
Papua New Guinea	(Kina)	1.5127	0.9874	0.6199	0.7972
Paraguay	(Guarani)	2500.87	1632.42	1024.95	1317.98
Peru	(New Sol)	2.43	1.5861	0.9959	1.2806
Philippines	(Peso)	38.525	25.1468	15.7889	20.303
Pitcairn Is	(£ Sterling)	1.00	0.6527	0.4098	0.527
	(NZ $)	2.9695	1.9383	1.217	1.5649
Poland	(Zloty)	23909.0	15606.4	9798.77	12600.3
Portugal	(Escudo)	219.50	143.277	89.959	115.679
Puerto Rico	(US $)	1.5320	1	0.6278	0.8073
Qatar	(Riyal)	5.7057	3.7243	2.3384	3.0069
Reunion Is. de la	(F/Fr)	8.3225	5.4324	3.4108	4.386
Romania	(Leu)	663.04	432.794	271.738	349.428
Rwanda	(Fr)	224.69	146.664	92.086	118.414
St Christopher	(E Carr $)	4.14	2.7023	1.6967	2.1818
St Helena	(£)	1.00	0.6527	0.4098	0.527
St Lucia	(E Carr $)	4.14	2.7023	1.6967	2.1818
St Pierre	(French Fr)	8.3225	5.4324	3.4108	4.386
St Vincent	(E Carr $)	4.14	2.7023	1.6967	2.1818
San Marino	(Italian Lira)	2182.25	1424.45	894.365	1150.07
Sao Tome	(Dobra)	367.92	240.157	150.787	193.897
Saudi Arabia	(Riyal)	5.7430	3.7486	2.3536	3.0266
Senegal	(CFA Fr)	416.125	271.622	170.543	219.302
Seychelles	(Rupee)	7.8950	5.1533	3.2356	4.1607
Sierra Leone	(Leone)	805.975	526.093	330.318	424.756
Singapore	($)	2.5118	1.6395	1.0294	1.3237
Slovenia	(Tolar)	149.093	97.3191	61.1036	78.5733
Solomon Is	($)	4.7915	3.1276	1.9637	2.5251
Somali Rep	(Shilling)	4016.46	2621.71	1646.09	2116.71
South Africa	(Rand)	4.6213c	3.0165	1.8939	2.4354
		7.5275	4.9135	3.085	3.967
Spain	(Peseta)	172.40	112.533	70.6557	90.8563
Spanish Ports in N Africa	(Sp Peseta)	172.40	112.533	70.6557	90.8563
Sri Lanka	(Rupee)	70.31	45.8942	28.8158	37.054
Sudan Rep	(Dinar)	15.330	10.0065	6.2827	8.079
Surinam	(Guilder)	2.7364	1.7861	1.1214	1.4421
Swaziland	(Lilangeni)	4.6213	3.0165	1.8939	2.4354
Sweden	(Krona)	10.7925	7.0447	4.4231	5.6877
Switzerland	(Fr)	2.2050	1.4392	0.9036	1.162
Syria	(£)	32.193	21.0137	13.1938	16.966
Taiwan	($)	38.975	25.4406	15.9733	20.5401
Tanzania	(Shilling)	513.32	335.065	210.377	270.524
Thailand	(Baht)	39.10	25.5221	16.0245	20.606
Togo Rep	(CFA Fr)	416.125	271.622	170.543	219.302
Tonga Is	(Pa Anga)	2.2120	1.4438	0.9065	1.1657
Trinidad/Tobago	($)	6.5153	4.25	2.6702	3.4336
Tunisia	(Dinar)	1.4379	0.9385	0.5893	0.7577
Turkey	(Lira)	13106.3	8555.03	5371.43	6907.14
Turks & Caicos	(US $)	1.5320	1	0.6278	0.8073
Tuvalu	(Australian $)	2.2120	1.4438	0.9065	1.1657
Uganda	(New Shilling)	1866.42	1218.29	764.926	983.621
U A E	(Dirham)	5.6245	3.6713	2.3051	2.9641
United Kingdom	(£)	1.00	0.6527	0.4098	0.527
United States	(US $)	1.5320	1	0.6278	0.8073
Uruguay	(Peso)	5397.68	3523.29	2212.16	2844.63
Vanuatu	(Vatu)	186.53	121.756	76.4467	98.303
Vatican	(Lira)	2182.25	1424.45	894.365	1150.07
Venezuela	(Bolivar)	123.79	80.8028	50.7336	65.2384
Vietnam	(Dong)	16418.4	10717	6728.85	8652.65
Virgin Is-British	(US $)	1.5320	1	0.6278	0.8073
Virgin Is-US	(US $)	1.5320	1	0.6278	0.8073
Western Samoa	(Tala)	3.8731	2.5281	1.5873	2.0411
Yemen (Rep of)	(Rial)	25.29	16.5078	10.3647	13.328
Yemen (Rep of)	(Dinar)	0.7128	0.4652	0.2921	0.3756
Yugoslavia	(New Dinar)	1149.75	750.49	471.209	605.929
Zaire Rep	(Zaire)	2786111.0	1818610	1141849	1468306
Zambia	(Kwacha)	498.22	325.209	204.189	262.567
Zimbabwe	($)	8.301	5.4184	3.402	4.3747

Special Drawing Rights December 23,1992 United Kingdom £0.903568 United States $1.38517 Germany D Mark 2.20533 Japan YenN/A
European Currency Unit Rates December 24,1992 United Kingdom £0.802734 United States $1.23019 Germany D Mark 0.802734 Japan Yen152.297

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate; ♦ CIS applies to states in the Rouble Zone.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Thursday, December 24, 1992

HA Schult, performance artist, Cologne

LONDON STOCK EXCHANGE

Equities steady in confident session

By Terry Byland,
UK Stock Market Editor

THE London stock market celebrated Christmas Eve with a fresh display of confidence which melted away only as traders effectively abandoned the half-day trading session at mid-morning. Early dealings saw the FT-SE Index rise 13.2 to the day's high of 2,840.6, but the initial share gains disappeared very quickly as the Christmas spirit spread through the City of London.

The final reading on the FT-SE Index, taken at 12.30pm, showed a net gain of 0.1 points at 2,827.5. The FT-SE Mid 250 Index, however, maintained its early firmness to finish 6.3 points ahead at 2,848.9. The broadly ranging Mid 250 Index provided a strong lead to the stock market last week, indicating the refocusing of institutional portfolios on the second tier stocks.

A more accurate picture came from the total of a mere 173.6m shares traded through the Seaq electronic network; few prices were genuinely tested, since marketmakers had no wish to take on positions over the extended holiday break. But trading in non-Footsie stocks was significantly higher than in the blue chip Footsie-listed issues.

The unexpected surge in share prices since the beginning of the month kept securities analysts on the alert, however. Profits downgrades in the aerospace and pharmaceutical sectors depressed several of the market's leading names, and underlined the switch from defensive blue chips into cyclical sectors likely to lead the way towards the revival in the economy, on which the stock market is pinning its faith.

● In derivatives markets, the March future contract on the FT-SE Index maintained the strong premium over the underlying blue chips which has been driving equities ahead, but saw very little business. The Footsie contract had only 733 contracts traded, effectively a record low volume figure. At the best of the session, March touched 2,884, but soon settled back to 2,866 to show a final premium of 39 against cash; the fair value premium, allowing for dividend and financing flows, stood at an estimated 19 points.

In traded options, volume more than halved to 6,373 contracts. Business in the Footsie fell to 2,482 lots, while Fisons headed the individual stocks list with 806 contracts traded.

Account Dealing Dates

*First Dealings:	Nov 30	Dec 14	Jan 4
Option Declarations:	Dec 10	Dec 30	Jan 14
Last Dealings:	Dec 11	Dec 31	Jan 15
Account Day:	Dec 21	Jan 11	Jan 25

*New time dealings may take place from 8.30am two business days earlier.

BAe falls on broker reratings

DEFENCE contractor British Aerospace (BAe) was among the most heavily traded stocks in quiet Christmas Eve dealing as most analysts cut profits forecasts for 1992 and 1993. The shares were off 12 at one stage but rallied to close 5 down at 157p after some 2.6m dealt.

The downgradings followed a company meeting with analysts on the previous evening. Hoare Govett, the company's broker, was said to have cut back its estimates but was unavailable for comment. County NatWest lowered its forecast to a loss of £865m for 1992 from a previous £840m loss prediction, mainly because of "massive exceptional charges".

The house also cut the 1993 forecast to a £60m profit from £105m. However, County is sticking to its "hold" advice for short term investors and believes the stock will "outperform" in the long term. Smith New Court is predicting a loss of £1.075bn. Analyst Mr Chris Avery said: "There is going to be a £1bn exceptional charge. If you are going to have a blood bath, what is the point of showing any profit at all?"

HSBC responded to a rally in Hong Kong and to recent broker buy recommendations. The London stock rose 8 to 486p and the Hong Kong stock 9 to 473p. S.G. Warburg firmed 5 to 545p, reflecting the consistent high levels of activity on the London stock market since the Conservative election victory.

The effect of forecast and rating downgradings in the UK and US lopped a further 8 off Glaxo, which closed at 748p.

P & O recovered 8 to 508p as a recent fall prompted by a debt downgrading provided a cheap buying opportunity.

BP was one of the most actively traded stocks in the market, with the shares maintaining their recent strong showing and closing 4 higher at 241½p. The buying came mostly from the US, where investors now speak for more than 21 per cent of the shares.

Lasmo's recent sale of assets continued to attract buyers and the shares added 2 at 158p.

The regional electricity stocks were bought by income funds. East Midland, which goes ex-dividend on January 18, put on 4 to 420p and Yorkshire, xd on January 4, gained 4 at 499p.

Welsh Water, whose sale last week of a stake in South Wales Electricity netted a profit of around £17m, rose 7 to 521p.

USM-quoted jeans manufacturer Pepe fell 5 to 4p after reporting a £10m loss and a restructuring.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	0	465	+7	Comm. Union	63	630	+1	Lonrho	483	77	-1	Shell Transport	894	550½	+1½
ASDA Group	5,800	59	+1	Cookson	143	197		Lucas	158	128		Siebe	426	428	
Abbey National	627	392	+3	Courtaulds	61	587		MB Caradon	500	304	+2	Slough Ests	92	150	
Albert Fisher	1,900	56		Dalgety	110	476		MEPC	67	329		Smith (W.H.) A	666	508	-9
Allied-Lyons	260	649	-3	De La Rue	483	665	+2	Manweb	270	491	+2	Smith & Nephew	108	165½	
Amstrad	91	23		Dixons	590	259	-4	Marks & Spencer	1,600	336	+1	SmKl Beecham	510	524	
Anglian Water	384	485	+3	Eastern Elect	264	414	+3	Midlands Elect.	28	458	+3	SmKl Beecham Uts	232	443	+1
Argos	72	282	-2	East Midland Elect.	54	420	+4	NFC	275	282	+1	Smiths Inds.	75	351	-4
Argyll Group	1,200	423	-3	Eng China Clays	190	436	-1	NatWest Bank	716	412	-5	Southern Elect.	313	434	+3
Arjo Wiggins	36	147	-½	Enterprise Oil	126	440	+1	National Power	508	281½	+3½	South Wales Elect.	146	504	+1
Ass. Brit. Foods	12	506	-3	Eurotunnel Units	121	334	+14	Next	249	148	+½	South West Water	20	494	+1
Ass. Brit. Ports	38	375		FKI	9	110		North West Water	64	472	+1	South West Elect.	11	455	
BAA	329	803	-5	Fisons	1,200	133	+1	Northern Elect.	18	480	+6	Southern Water	3	467	+2
BAT Inds	1,100	994	-5	Forte	541	181	+1	Northern Foods	72	277		Standard Chartd.	92	572	+2
BET	1,300	90	-1	Gen. Accident	76	585		Norweb	224	485	+2	Storehouse	461	201	-1
BICC	857	343	+7	General Elect.	1,000	288	+½	Pearson	199	384	-1	Sun Alliance	380	351	-2
BOC	439	763		Glaxo	1,700	748	-8	P & O	321	508	+8	T&N	68	168	
BP	4,100	241½	+4	Glynwed Int.	32	256	-1	Pilkington	814	100	+½	TI Group	211	306	-3
BPB Inds	76	197	+2	Granada	45	351	-2	PowerGen	229	222½	+4½	TSB	685	149	+1
BT	843	397		Grand Met	602	459	+2	Prudential	193	307	-1	Tarmac	1,000	106	-3
BT New	613	230	+½	GUS A	109	1708	+15	RHM	9	255	-1	Tate & Lyle	530	402	
BTR	2,000	547	-2	GRE	32	172	-1	RMC	22	584	-1	Taylor Woodrow	898	67	
Bank of Scotland	44	125		GKN	498	436	+3	RTZ	164	672	+2	Tesco	611	260	
Barclays	668	380		Guinness	534	517	-2	Racal	3,100	162	+3	Thames Water	437	483	+1
Bass	237	642	-8	HSBC (75p shs)	1,600	486	+8	Rank Org.	136	688	-1	Thorn EMI	324	852	-8
Berisford Int	123	20½	-½	Hammerson 'A'	99	276	+3	Reckitt & Colman	1,400	628	+4	Tomkins	1,300	262	+5
Blue Circle	160	200		Hanson	1,900	227½	-1½	Redland	321	416	-4	Trafalgar House	1,100	84	
Booker	8	383	+2	Hanson Warrants	502	18½		Reed Intl.	501	548	-5	Unigate	202	304	-2
Boots	650	541	-4	Harrisons Crosfield	657	159	+2	Rentokil	9	205	+1	Unilever	320	1112	+3
Bowater	110	495	-3	Hillsdown	757	133	+1	Reuters	230	1410	+7	United Biscuits	59	368	-2
Brit. Aerospace	2,600	157	-5	IMI	31	237		Rolls Royce	397	118		Utd. Newspapers	39	518	-2
British Airways	1,200	305	-2	ICI	59	1022	+1	Rothmans	250	683	-2	Vodafone	606	420	+1
British Gas	1,700	288½	+2½	Inchcape	679	556	-4	Ryl Bk Scotland	685	206	-1	Warburg (SG)	238	545	+5
British Land	1,000	193	+7	Kingfisher	215	572	+2	Royal Insurance	304	272	-1	Wellcome	373	939	+1
British Steel	1,400	56		Kwik Save	59	815	-5	Saatchi	6	151	-1	Welsh Water	151	521	+7
Bunzl	624	121	-1	Ladbroke	767	179	-1	Sainsbury	253	570	-4	Wessex Water	38	581	+3
Burmah Castrol	11	738	+1	Land Securities	516	455	+2	Scottish & New	487	487	+2	Whitbread 'A'	480	494	
Burton	437	68	+½	Laporte	9	649		Scot. Hydro-Elect.	351	239½	-1	Williams Hldgs	287	336	-1
Cable & Wire	717	693	-1	Legal & General	270	431	-2	Scottish Power	939	241	+½	Willis Corroon	5	136	
Cadbury Schweppes	470	453	-1	Lloyds Abbey	115	420		Sears	4,600	101	-1	Wimpey	56	118	
Calor Group	0	229		Lloyds Bank	471	537	-4	Sedgwick	296	169	-4	Wolseley	11	541	+1
Carlton Comms	78	784	+2	LASMO	1,300	158	+2	Seeboard	6	483	+3	Yorkshire Elect.	119	498	+4
Coats Viyella	199	226		London Elect.	102	423	+2	Severn Trent Water	655	497	+2	Yorkshire Water	107	521	+3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on December 24 until 12.30pm. Trades of one million or more are rounded down.

FINANCIAL TIMES EQUITY INDICES

	Dec 24	Dec 23	Dec 22	Dec 21	Dec 18	Year ago	High	Low
Ordinary share	2165.6	2162.8	2184.5	2159.7	2147.6	1836.6	2184.5	1670.8
Ord. div. yield	4.32	4.32	4.28	4.33	4.36	5.00	5.34	4.24
Earning yld % full	5.93	5.93	5.87	5.93	5.97	7.51	-	-
P/E ratio net	21.52	21.52	21.74	21.54	21.41	16.71	21.74	15.79
P/E ratio nil	19.85	19.85	20.06	19.89	19.76	15.77	-	-
Gold Mines	64.0	64.4	64.9	65.5	65.5	142.6	160.6	63.0

*for 1992 Ordinary share index since compilation: high 2184.5 22/12/92 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	Close	High	Low
2166.7	2169.6	2163.6	2163.7	2164.4	-	-	-	2165.6	2172.4	2162.0

Volume	Dec 24	Dec 23	Dec 22	Dec 21	Dec 18	Year ago
SEAQ Bargains	10,647	27,742	31,402	30,399	31,492	22,819
Equity Turnover(£m)†	-	1301.8	1463.6	1464.1	1603.1	527.54
Equity Bargains†	-	32,469	34,326	34,201	34,908	22,132
Shares traded (mil)†	-	608.9	735.5	737.6	770.7	255.2

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (113).
BRITISH FUNDS Treas. 8pc 2003. **OTHER FIXED INTEREST** Manchester 11½pc 2007, Met Water 3pc B. **BREWERS** Holt (Jos), Scot & Newcastle, Whitbread A. **BLDG MATERIALS** BPB Inds. **BUSINESS SERVS** Brit. Data Man., Wills. **CONGLOMERATES** Harrisons & Crosfield, Wassall. **ELECTRICALS** Memvier-Swain. **ELECTRICITY** Northern, Norweb, Scot Hydro-Elect. **ELECTRONICS** Astec (BSR), Bowthorpe, Eurotherm, ISA Intl., Multitone Elects., Tunstall. **ENG GEN** Cardo Eng., Concentric, Fairey, Powerscreen, Protean, Rotork, Vosper. **FOOD MANUF** IAWS A, Unilever. **FOOD RETAILING** Brake Bros., Iceland. **INSCE BROKERS** Lloyd Thompson. **INSCE LIFE** Britannic, Transatlantic. **INV TRUSTS** Abtrust New Dawn, Baring Stratton, Brit. Empire Secs., Edinburgh, Elect. & Gen., Eng. & Scot., Fleming Amer., Fleming Merc., For. & Col. Ent., Govett Amer., Endeavour, Greenfriar, Keystone, Law Debenture, M & G Cap., Personal Assets, Scot. Amer., TR Pacific, TR Tech., USDC, Witan, Yeoman. **MEDIA** Headline Book Pub., Reed Intl., Trinity Intl. **MERCHANT BANKS** Rea Bros. **MISC** Airsprung Furn., Danka Bus. Systems, Lincat. **MOTORS** Channel. **OIL & GAS** Brit. Gas, Burmah Castrol, Sidlaw. **PCKG, PAPER & PRINTING** API, Bemrose, Capital Inds., Ferguson Intl., Jarvis Porter, Portals. **STORES** Courts, Fine Art Devs., Moss Bros., Next. **TEXTILES** Coloroll, Courtaulds Texts., Forminster, Leeds, Richards. **TRANSPORT** Dawsongroup, Forth Ports, Tibbett & Britten. **WATER** Cheam A, East Surrey.

NEW LOWS (8).
CONTRACTING & CONSTRCN Jarvis. **ELECTRONICS** MTL Instruments. **ENG GEN** Wheway. **INV TRUSTS** TR Euro. Growth Ptg. **OTHER FINCL** Baltic, East German

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2827.5 +0.1	2848.9 +6.3	1355.18 +0.68

	Dec 24	Dec 23	Dec 22	Dec 21	Dec 18	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2827.5	2827.4	2842.0	2807.7	2789.7	2420.0	2842.0	2281.0	2842.0 22/12/92	986.9 23/7/84
FT-SE Mid 250	2848.9	2842.6	2845.4	2817.4	2783.6	2331.3	2848.9	2157.6	2848.9 24/12/92	1379.4 21/1/86
FT-SE-A 350	1379.8	1379.1	1385.1	1369.0	1358.7	1170.1	1385.1	1103.1	1385.1 22/12/92	664.5 14/1/86

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2831.2	2836.5	2828.3	2824.8	2826.2	-	-	-	-	2840.6	2824.5
FT-SE Mid 250	2842.8	2844.5	2848.2	2848.2	2848.9	-	-	-	-	2849.1	2842.7
FT-SE-A 350	1380.7	1382.9	1380.1	1378.7	1379.3	-	-	-	-	1384.5	1378.6

Gross dividend yield (ACT at 25%) FT-SE 100:4.30%

FT-Actuaries All-Share

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday December 24 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div Yield% (Act at (25%)	Est P/E Ratio (Net)	xd adj. 1992 to date	Wed Dec 23 Index No.	Tue Dec 22 Index No.	Mon Dec 21 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (175)	868.91	......	6.46	4.93	20.16	31.00	868.47	872.68	859.22	737.23
2	Building Materials (23)	888.63	-0.2	5.72	6.07	24.92	40.39	890.70	897.23	873.53	852.23
3	Contracting, Construction (26)	723.63	+0.1	3.88	6.85	68.90	37.49	722.86	721.02	714.37	833.43
4	Electricals (9)	2503.40	+1.2	6.71	6.04	19.50	109.61	2474.67	2452.12	2442.61	2231.53
5	Electronics (28)	2367.15	+0.2	6.49	3.64	19.55	52.39	2362.31	2362.19	2315.76	1675.92
6	Engineering-Aerospace (6)	291.82	-0.9	12.13	8.05	10.49	16.18	294.43	297.04	301.32	332.71
7	Engineering-General (43)	505.55	+0.1	7.98	4.66	15.97	17.35	504.92	508.44	498.97	447.61
8	Metals and Metal Forming (7)	319.51	-0.2	5.32	4.03	27.45	9.49	320.05	325.10	325.89	299.38
9	Motors (15)	366.96	+0.1	5.54	6.41	26.32	17.77	366.53	367.51	364.83	279.11
10	Other Industrials (18)	1984.97	+0.1	6.18	4.21	19.56	62.07	1992.84	1994.48	1963.42	1434.14
21	CONSUMER GROUP (191)	1753.07	-0.2	6.65	3.35	18.70	43.25	1756.04	1771.19	1754.13	1517.21
22	Brewers and Distillers (25)	2102.13	-0.1	7.91	3.60	15.31	54.23	2105.13	2105.25	2090.12	1887.99
25	Food Manufacturing (18)	1342.86	....	7.81	3.89	15.99	40.47	1342.53	1337.27	1314.95	1199.54
26	Food Retailing (18)	3370.16	-0.3	7.66	3.01	16.99	70.26	3379.81	3409.33	3333.55	2309.25
27	Health and Household (26)	4173.30	-0.4	5.33	2.72	21.82	88.04	4188.23	4262.57	4266.94	4073.13
29	Hotels and Leisure (18)	1255.63	-0.2	6.65	5.49	19.75	46.03	1258.39	1269.93	1256.97	1183.54
30	Media (25)	1829.53	......	5.44	2.84	22.92	39.40	1829.67	1839.17	1829.43	1329.39
31	Packaging, Paper & Printing (17)	786.22	......	6.64	4.14	18.67	24.33	786.66	792.09	795.84	693.44
34	Stores (33)	1150.59	-0.1	6.34	3.16	20.91	26.56	1151.29	1160.79	1145.87	939.93
35	Textiles (11)	747.82	......	6.38	4.06	19.78	23.64	747.50	746.27	740.55	572.75
40	OTHER GROUPS (116)	1432.65	......	8.64	4.87	14.24	50.02	1432.39	1435.39	1421.00	1151.48
41	Business Services (17)	1510.80	-0.3	5.87	3.37	20.87	36.28	1515.72	1531.06	1513.35	1309.33
42	Chemicals (22)	1404.13	....	6.54	5.22	19.28	54.80	1403.73	1415.31	1401.43	1335.92
43	Conglomerates (10)	1377.05	-0.4	8.57	8.59	13.32	54.22	1382.26	1382.29	1364.18	1247.19
44	Transport (14)	2797.29	+0.3	8.02	4.26	14.98	88.31	2798.98	2820.55	2774.72	2230.25
45	Electricity (16)	1560.45	+0.8	13.89	4.87	9.25	56.57	1548.62	1529.32	1522.10	1187.19
46	Telephone Networks (4)	1664.38	....	8.01	4.11	16.23	65.69	1664.42	1665.05	1645.16	1367.71
47	Water (11)	3235.89	+0.5	14.13	5.48	7.86	122.00	3219.24	3235.42	3252.38	2194.13
48	Miscellaneous (22)	2510.14	-0.6	5.66	4.04	21.85	61.03	2525.71	2553.67	2500.18	1674.56
49	INDUSTRIAL GROUP (482)	1431.28	-0.1	7.27	4.13	17.15	42.91	1432.26	1440.57	1425.03	1149.32
51	Oil & Gas (18)	2212.49	+0.8	6.03	5.86	21.78	103.27	2194.71	2179.06	2166.67	2139.72
59	500 SHARE INDEX (500)	1505.53	....	7.15	4.31	17.53	47.72	1505.23	1512.01	1495.77	1281.29
61	FINANCIAL GROUP (82)	881.27	+0.2	-	4.98	-	33.33	879.74	879.70	865.06	699.57
62	Banks (9)	1192.99	+0.3	5.11	4.67	29.44	41.81	1189.25	1187.26	1165.91	854.21
65	Insurance (Life) (6)	1812.98	-0.2	-	5.01	-	68.18	1816.89	1801.17	1766.48	1408.51
66	Insurance (Composite) (7)	642.89	-0.2	-	4.69	-	22.58	643.99	655.56	650.95	472.45
67	Insurance (Brokers) (10)	783.08	-0.5	7.92	6.82	16.96	48.05	787.24	787.54	785.39	963.83
68	Merchant Banks (6)	493.69	+0.3	-	4.63	-	16.75	492.46	491.85	476.82	438.25
69	Property (30)	648.02	+0.6	8.41	6.51	15.60	33.09	644.30	640.92	635.32	791.13
70	Other Financial (14)	300.98	+0.2	6.66	5.57	19.79	11.63	300.23	299.11	293.98	225.51
71	Investment Trusts (69)	1335.74	+0.4	-	3.25	-	32.11	1330.52	1328.95	1307.53	1119.97
99	ALL-SHARE INDEX (651)	1355.18	....	-	4.37	-	43.73	1354.58	1359.55	1343.69	1142.61

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1442.1	1442.1	1441.5	1442.0	1442.3	-	-	-	-	1442.3	1441.6	+0.7
Health&H	1264.0	1264.6	1261.4	1258.8	1259.4	-	-	-	-	1261.1	1265.6	-4.5
Water	1331.8	1332.0	1335.4	1336.9	1338.2	-	-	-	-	1338.0	1331.2	+5.8
Banks	1447.3	1453.6	1451.1	1448.5	1449.3	-	-	-	-	1448.7	1444.5	+4.2

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

هكذا امن الآجل

FT MANAGED FUNDS SERVICE

• Current Un... ...e. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call : 071 : 925 2128.

Sharp (Albert E.) & Co (1000)F
Admin. 5 Rayleigh Rd Hutton, Brentwood Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European	5	100.00	100.00	105.00		1.80
Intl Bond & Conv	5	118.50	118.80	125.10		5.91
Pooled Premium ♦	7	139.3	143.8	153.8		-
Smaller Cos	5	95.05	96.76	99.75		2.44
UK General	5	114.30	116.30	122.40		2.82

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071 407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	373.63	373.63	396.05		5.21
Global Inc	5	53.38	53.38	56.59		4.29
Brit Leaders	5	313.97	313.97	332.81		3.07
Intl Leaders	5	170.97	170.97	181.23		1.81
P&s Nat Bal Gwth Acc ♦	3½	49.81	51.09	53.08		3.2
P&s Nat Bal Income ♦	3½	49.81	51.09	53.08		3.2

Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham BR3 4TF 081-663 3003

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Trust	6	47.77	47.85	50.90		1.65
Far Eastern Tst	6	51.46	52.21	55.53		0.89
Smaller Cos	5	123.3	128.4	136.5		2.55

Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS 071-637 5377

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American ♦	5	266.5	267.1	282.6		0.98
S & W Capital	5	109.6	109.6	117.4		1.88
S & W Cash	0	101.67	101.67	101.67		6.67
S & W European	5	107.1	107.3	113.5		1.08
S & W Far Eastern	5	108.4	109.5	115.8		0.00
S & W Growth	5	117.0	118.3	125.1		1.43
S & W Income	5	102.7	104.0	110.0		5.93
S & W Mansion	5	115.6	115.6	123.9		1.82
S & W Smllr Secs	5	264.3	270.1	285.8		0.80
S & W Thoroughbred	5	133.6	133.6	143.3		1.69

Societe Generale Touche Remnant (1200)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Grwth	5¼	77.16	77.16	82.52		0
Eur Sp Sits Acc	5¼	41.01	41.01	43.56		0
Eur Sp Sits Inc	5¼	38.73	38.73	41.14		0
Far East Opps Inc	5¼	25.55	25.55	27.58		0
Far East Opps Acc	5¼	26.25	26.25	28.33		0
General Growth	5¼	94.11	94.11	101.00		2.53
General Growth Acc	5¼	95.69	95.69	102.70		2.52
Global Tech	5¼	109.20	109.20	117.90		0
Income Growth	5¼	93.39	93.39	100.40		4.17

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

AEGON Life Assurance Co (UK) Ltd

Cannon Assurance Ltd – Contd.

Crown Financial Management Ltd – Contd.

Guardian Royal Exchange – Contd.

Legal & General – Contd.

Midland Life Limited

INSURANCES

Continued on next page

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FT MANAGED FUNDS SERVICE

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MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call : 071 1 925 2128

	Bid Price	Offer Price	+ or -	Yield Gross
IBI Global Funds Limited				
Intl Stlg Gwth	£20 88	22 99		-
Intl $US Gwth	$17 99	18 95		-
High Income Gilt	£25 92	26 87		-
International Equity	£20 98	22 10		-
International Bond	£22 68	23 51		-
Managed Currency	£27 55	27 84		-
Sterling Currency	£26 50	26 77		-
$US Currency	$37 78	38 17		-
Irish £ Currency	I£15 28	15 44		-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11 07	11 54		-
B F Offshore Inc Fd Ltd	£11 46	12 12		-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£9 34	10 07		-
Britton Miles W.W S.S.	£9 38	9 75	-	-

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey						0534 36633
AIB Currency Funds Ltd						
Intl Managed Bond	5		15-21 0387	21 2495		-
Managed Capital Bd	5		16-21 2460	21 3857		-
AIB Dividend Currency Fund Limited						
Stlg Mngd Currency	5		£-	11 0069		-
Sterling Currency Fd	5		£-	10 5750		-
Ecu Currency	5		Ecu-	10 7250		-
US Dollar Mngd Curr	5		$-	21 5519		-
Barclays International Funds						
PO Box 152, St Helier Jersey CI						0534 67888
Australian Eq (Inc)	5¼		£0 886	0 891	0 953	0 7
Global Income (Inc)	5¼		£0 506	0 505xd	0 541	3 0
Global Resources	5¼		£0 406	0 410xd	0 439	0 5
Currency Funds						
Stlg Premium Income			£10 05	10 06xd		6 6
Sterling			£-	23 56		6 1
US Dollar			$-	32 65		2 0
Deutschemark			DM-	60 71		7 3

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust Home Inv Port	£2 514	2 640		1 3
Dealing on Wednesday this week				
Management International (Jersey) Ltd				
Anchor Gilt Edge	£9 97	10 02		9 3
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Dec 24	$13 34	13 62		2 9
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income	53 7	56 0		7 8
UK Equity Fd	223 7	238 0		2 6
Intl Bond Fd	96 0	99 0xd		7 0
Sterling Mngd Asset Fd	556 3	586 0		5 0
*Sub day every Thurs.				
NatWest TrustCor Currency Fund Ltd				
Dollar Class		$38 2233		
Sterling Class		£26 9963		
D-Mark Class		DM83 8184		
Japanese Yen Class		Y7969 3947		
Antaurius Replica Portfolio Ltd				
Antaurius Replica P'fdo Ltd £	£11 05	11 30	-	
Antaurius Replica P'fdo Ltd $	$10 17	10 56		
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Dec 22	$33 23	35 33		
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3 7517	3 9870		
Offshore Japanese Gwth Fd	$0 9505	1 0101		
Offshore Am Gwth Fd	$6 5048	6 9123		
Offshore Emerging Cos	$3 6691	3 8992		
Offshore European Fd	$1 4916	1 5852		
Offshore Global Bond	$0 9527	0 9977		
Offshore Global Bond Acc	$0 9577	0 9977		
Offshore Far Eastern Fd	$2 1877	2 3249		
Offshore UK Growth Fd	$1 9983	2 1236		
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Dec 18		$4 35		
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Inv Growth Fund	£14 90	15 12	-	1 4
LFBI Defensive Strtgy	£11 44	12 04	-	
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int	99 50	100 40		7 8
International Bond	$1 132	1 144	-	4 9
†Prices on Dec 23. Next dealing Dec 31				

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Good prospects for US dollar

THE DOLLAR'S pre-Christmas rally against the D-Mark has underlined the view of many analysts that favourable growth in the US will propel the US currency higher in 1993, *writes James Blitz.*

However, in spite of a reduction of tensions inside the European exchange rate mechanism in recent days, dealers are still poised to test the strength of the French franc in the new year.

The US currency's mini-rally against the D-Mark in recent days has been the result of a growing perception in the markets that Germany will ease short-term interest rates in the new year.

When the Bundesbank decided not to ease policy at its council meeting on December 10, the dollar fell as low as DM1.5570 against the D-Mark. But there has been renewed speculation in the last fortnight that Germany will cut rates earlier than anticipated, and the dollar was trading as high as DM1.5940 in Europe on Christmas Eve.

Analysts also believe that increasing signs of an upturn in the US economy will help to underpin the currency in forthcoming months. Mr Neil MacKinnon, chief economist at Citibank in London, says: "US data releases are increasingly pointing to a sustainable recovery there, while the dichotomy in growth performances between the US and Europe is set to intensify."

Inside the ERM, the calm of recent weeks will probably continue up to the new year. On December 24, the central bank of Ireland took advantage of the easier tone to trading by saying that it would cut its overnight support rate to 14 per cent from 16 per cent. Dealers said the move reflected the recent steadiness of the punt on the foreign exchanges.

Some analysts suggested that the calm could end abruptly in the new year if Ireland removes capital controls as it has promised to do. Mr Paul Chertkow of UBS Phillips & Drew in London continues to believe that the Irish punt and the Portuguese escudo will be devalued in the order of 7 per cent and 6 per cent respectively next year.

Pressures on the French franc abated considerably in the week before Christmas, with the currency momentarily rising above FFr3.41 against the D-Mark, and three-month French francs falling to 11⅛ per cent from an earlier high point of 12⅛ per cent.

The currency may also have been helped by statements from opposition politicians in France that they would respect the *franc fort* policy if they win the March parliamentary elections.

Mr MacKinnon, however, is gloomy about the prospects for the new year. "Downward pressure on the French franc looks set to intensify," he says, "and policy settings inside the ERM are clearly unsustainable." Mr Chertkow also expects speculation against the French franc but believes that Europe's central banks remain prepared to defend the currency to the hilt.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 28	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	143.386	138.831	−3.18	4.31	54
Portuguese Escudo	182.194	177.237	−2.72	3.82	44
Belgian Franc	40.6304	40.2102	−1.03	2.05	44
Dutch Guilder	2.21958	2.20185	−0.80	1.81	33
D-Mark	1.96992	1.95737	−0.64	1.65	34
Danish Krone	7.51410	7.55627	0.56	0.44	−31
Irish Punt	0.735334	0.741344	0.82	0.18	−42
French Franc	6.60683	6.67284	1.00	0.00	−62

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

£ IN NEW YORK

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

*Floating rate. Iran Official rate:£101.85 $66.20

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000. French Fr per 10; Lira per 1,000; Belgian Fr. per 100; Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

CHICAGO

LONDON (LIFFE)

PARIS

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

3 Mth. Bank Bills	6⅝	-⅛	PARIS		
TOKYO			Intervention Rate	9.10	Unch'd
One month	3⅞	Unch'd	One mth. Interbank	11⅛	-1
Three month	3⅜	-	Three month	11	
BRUSSELS			MILAN		
One month	8¾	-⅛	One month	13	
Three month	8		Three month	13	
AMSTERDAM			DUBLIN		
One month	8.625	-0.150	One month	20½	Unch'd
Three month	8.325	-0.335	Three month	16½	-¼

MONEY MARKETS

Rise in Euromarks

EUROPEAN money markets were extremely quiet in the run-up to Christmas but, as the new year approaches, there may be another surge of speculation over whether Germany will cut official rates, *writes James Blitz.*

In the first two weeks of December the market took an extremely pessimistic view about the prospects for an easing of policy by the Bundesbank.

On December 10, the German central bank decided not to ease policy at its council meeting, and the March Euromark contract fell as low as 91.92 shortly thereafter. At that level, the market assumed that three-month money in the spring would be at about 8.18 per cent, barely below the current discount rate level of 8.25 per cent.

The run-up to Christmas saw a change of mood, partly triggered by comments from Mr Helmut Schlesinger, the Bundesbank president, who said that inflation could be contained to 3 per cent by the end of next year.

On Christmas Eve, the March Euromark contract was back up at 92.24, pricing three-month money at 7.76 per cent in the spring and assuming a small cut in official rates. On December 24, German call money was at the low end of the current range, at 8.76 per cent.

Economists believe that the pressures on the Bundesbank to ease policy are stronger than ever. The German economy is entering recession, and the Ifo institute recently reported that German GDP could decline by 0.5 per cent next year.

Inflationary pressures may not be as great as the Bundesbank fears. "The idea that Germany will suffer inflationary pressures when they have not had a devaluation of the D-Mark is bizarre," said one commentator last week.

The crucial issue now is *when* Germany will ease policy. Miss Alison Cottrell, who keeps a close watch on the Bundesbank for Midland Global Markets in London, believes that a reduction in official rates is unlikely to come before the council meetings on February 4 or 18.

The next council meeting is set for January 7, but this is one day before talks on the German public sector wage round are due to take place. "The Bundesbank is unlikely to take any policy decisions before it knows the results of those talks," she said.

UK clearing bank base lending rate
7 per cent
from November 13, 1992

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

AUSTRIA

December 28	Sch	+ or −
Austrian Airlines	1,570	−5
Creditanstalt Pf	427	
EA General	3,040	−4
EVN	729xd	+1
Oelfv	624	+4
Perlmooser Zement	1 051	+31
Radex Heraklith	335	+4
Reininghaus Brue	961	
Steyr Daimler	217	
Veitscher Magnesit	249	+6
Verbund (Br) A	390	−3
Vienna Int Airport	449	+13
Wienerberger	3 020	−15
Z-Laenderbank	1 060	+10

BELGIUM/LUXEMBOURG

December 28	Frs.	+ or −
AG Group	2,170	+10
Ackermans	2,620	−10
Almanij	6,040	
Arbed	1,820	−10
BBL	3,100	−20
Bank Intl a Lux	11 500	
Banq Gen Lux Pts	13,750	+750
Banque Nat Belg	33,200	
Bekaert	13,425	+25
CBR Ciment	7,970	−30
CMB	1,500	−25
Cobepa	4,345	+45
Cockerill Priv	94	+1
Colruyt	5,120	−20
Delhaize Frs Lion	1,368	−22
Electrabel	5,660	−40
Electrabel AFV1	5 540	−40
Electrafina ACT	2,155	
GBL	2,775	+40
GBL AFV 1	2,700	
GIB Group	1,310	−2
Generale Banque	7,050	−100
Gevaert	6,330	−10
Glaverbel	3,070	+10
Immobel	2 640	
Kredietbank	5,870	−10
Kredietbank AFV	5,640	
Mecaniver	5,800	
Mosane	1,29%xd	−4
Pan Holding Lux	12,350	
Petrofina	7,530	−10
Powerfin	2 505	+10
Recticel	279	
Royale Belge	4,150	−110
Royale Belge AFV1	3,980	−40
Soc Gen Belge	1,905	+15
Soc Gen Belge AFV	1,935	+100
Sofina	9,940	−60
Solvac	1,242	
Solvay	11,575	+25
Tractebel	7,850	+50
UCB	22,425xd	−125
Union Miniere	2,150	+10

DENMARK

December 28	Kr	+ or −
Aalborg Portland A	430	+25
Baltica Holding Reg	190	+10
Bikuben	207	
Carlsberg A	273xd	+1
Codan	3,900	+12.50
D/S 1912 A	81,000	
Danisco	620	+2
Den Danske Bank	249	+6
East Asiatic	89.50	+0.50
FLS Ind B	435	+23
Great Nordic	299	+4
ISS Intl Serv B	960	+12.65
Jyske Bank Reg	228	+1
Lauritzen (J) B	1,300	
NKT A/S	225 30	+5 30
Novo Nord B	546.36	−0 64
Sophus Berend A	415	−15
Sophus Berend B	382	−3
Superfos	360	
TopDanmark	635	
Unidanmark A	122	+1 15

FINLAND

December 28	Mka	+ or −
Amer A Free	96	+0.50
Cultor	80	
Enso R	20	
Huhtamaki I Free	175	−5
KOP	9	
Kone B Free	431	−3
Kymmene	63	−0 50
Metra B Free	104	+1
Nokia Pref Free	82	−0.50
Pohjola B Free	36	−0 60
Repola (Free)	44	
Stockmann B	132	−2
Tampella Free	20	
Unitas Bk C Free	7	−1

FRANCE

December 28	Frs.	+ or −
AGF	497	+4 50
Accor	632	−2
Air Liquide	795	−2
Alcatel Alsthom	699	−1
Auxil Entrepr	325	+15 30
Axa	1,011	+3
BIC	938	−2
BSN	959	+15
BNP Cert Inv	438 80	+4.20
Bancaire Cie	400	
Bongrain	2,922	−4

FRANCE (continued)

December 28	Frs.	+ or −
Bouygues	585	+4
CGIP	964	+5
Canal+	1,101	−1
Cap Gemini S	159.20	+0 20
Carnaudmetalbox	160	
Carrefour	2,383	−23
Casino	148.50	−0 90
Chargeurs	1,265	−5
Club Mediterranee	385 10	+0.10
Cogifi	340 50	
Coparex Int	581	+1
C C F	221	−1
Cr Fonc France	982	+14
Cred Lyon (CI)	451	+11
Credit Local Fr	341	
Credit Nationale	1,094	+4
Damart	3 250	−230
Docks de France	391	−4
Dollfus Mieg Cie	273 90	+5
EBF	700	
Eaux Cie Genl	2 170	+8
Ecco	380	−2
Elf Aquitaine	358 50	+0 50
Elf Aquitaine Certs	230	+1
Elf Sanofi	1,112	−2
Eridania B-Say	582	
Eridania B-Say Cl	470	
Essilor Int	390.10	−9.90
Euex	1 710	
Eurafrance	1,305	
Euro RSCG	442	
Euro Disney	64 20	−0 10
Fin Poliet	431	−34
Finextel	118	+2
Fonc Lyonnaise	549	
Fromageries Bel	3,300	+70
GTM-Entrepose	337	+8
Gal. Lafayette	1,750	
Gaumont (Soc N)	344.20	+32
Geophysique	521	−14
Hachette	83.20	+1 30
Havas	437.10	−7.10
Imetal	350	−4
Imm de France	790	+21
Immobanque	628	+11
Immob Phenix	144 80	
Interbail	414	
Intertechnique	355	+5
LVMH	3 771	+33
Lafarge Coppee	332 50	+0.60
L'Oreal	1,028	
Legrand	3,916	−4
Legris	134	+0 50
Lyon Eaux Dumez	490	−1 80
Matra	190	
Michelin B	183	−1
Moulinex	78	
Navigation Mixte	730	−1
Nord Est	125	+0.80
Orsan	131	+4 40
Paribas	358.40	−2 60
Paris Reescompte	250	+2
Pernod Ricard	372	+6
Peugeot	580	−7
Pinault	295	+9
Promodes	556	+2
Radiotechn	220	+2
Redoute	6,480	+30
Rhone Poulenc Cts	545	−2
Roussel-Uclaf	435	+27
SILIC	561	+1
Sagem	2,420	−20
Saint Gobain	530	
Saint Louis	1,155	+6
Schneider	609	
Seb SA	340 50	+0.40
Sefimeg	434	+10.90
Simco	442.50	+7.50
Skis Rossignol	810	+12
Soc Generale de Fr	597	−1
Sommer-Allibert	1,105	+15
Spie Batignolles	283	+3
Suez (Cie de)	259.80	+5.20
Taittinger	2,090	
Thomson C S F	142.50	−3.10
Total B	229 80	+2
UAP	494.50	+4.50
UFB Locabail	181	+6
Uniball	335	−7
Union Immob Fr	470	−3
Valeo	642	−3
Vallourec	147	+3
Worms Cie	230	+8

GERMANY

December 28	Dm.	+ or −
AEG	165	+5 50
AG Ind & Verk	400	
Aachen Mch (Reg)	790	+10
Allianz AG	1,988	+28
Altana Ind	524	−1
Asko	660	−15
Asko Prf	395	
BASF	210 40	+1.90
Badenwerk	275	
Bayer	265.40	+2.90
Bayer-Hypo	404	+2 50
BMW (Br)	485	+9
Bayer Vereinsbk	424	+4 60
Beiersdorf	670	+10
Berliner Bank	249	
Berliner Kraft	115xd	+2
BHF Bank	401	+0 50
Bilf. & Berger	805	+13
Colonia Konzern	787 50	+4 50
Colonia Konzern Pf	405	
Commerzbank	246 50	+2 60
Continental AG	198 50	+1 50
DLW	410	−2
Daimler-Benz	534	+7 20
Deckel (Fr)	33 90	+0 40

GERMANY (continued)

December 28	Dm.	+ or −
Degussa	348	+9
Deutsche Babcock	143	+2
Deutsche Bank	653.50	+8.90
Didier-Werke	103.20	−1.60
Douglas Hldg	407	+6 50
Dragerwerk	202.50	+1 50
Dresdner Bk	358.30	+5.30
GEHE	394.80	+13.80
Gerresheimer	208	−2
Goldschmidt (TH)	875	−2.50
Hamburg Elekt	178	
Heidelb Zem	830	−20
Henkel Prf	553.50	+6
Herlitz	273	−3
Hochtief	929	−1
Hoechst	245.20	+0.50
Holzmann Ph	802	+12
Horten	152	−3
IKB Deutsche Ind	230	
Industrie Werke	256 50	+4
Kali & Salz	96	−1.20
Karstadt	487	+2.50
Kaufhof	425	+15.50
KHD	87.80	−1.20
Klockner Werke	45	+1 30
Lahmeyer	600	+5
Leifheit	366	+1
Linde	691	+9
Linotype-Hell	369.50	+0.50
Lufthansa	102.50	
Lufthansa n/v Prf	88	−0.50
MAN	270xd	+8
MAN Pref	232xd	+2.80
Mannesmann	236.80	+3 10
Mannheim Vers	616	
Mercedes Hld	399xd	+7
Metallgesellschaft	336	−1
Muench Rueck (Reg)	2,610	+40
PWA	155	+3
Philips Kommun	505	+3 50
Porsche	443	+22
Preussag	368	+1 50
Rheinelektra	765	−10
Rheinmetall Berlin	243	
Rheinmetall Prf	184	−1
Rhein West El	402.80	+2 30
Rhein West El Prf	316.90	+1.40
Rosenthal	210	+10
Schering	747	−5 60
Schmalbach Lubeca	316	+6
Siemens	595.90	+6.90
Springer Axel Rg	580	
Sud Chemie	465	+10
Thyssen	163.20	+1 40
Varta	275	+14.50
Veba	365	+3 90
VEW	216	
Verein-West	305	+3
Viag	333.50	+3.70
Volkswagen	242	+4
Volkswagen Prf	208	+5
Wella Prf	611	−1 50
Zanders Feinpap	203	+3

ITALY

December 28	Lire	+ or −
Banca Comm	4,584	+38
Banca Naz Agric	4,350	+299
Banca di Roma	1,820	+5
Banco Lariano	4,420	+25
Bastogi-I R B S	96	+6
Benetton	13,800	−100
Burgo (Cartiere)	4,599	+38
CIR	990	+14
Caffaro Spa	375.50	−5 50
Cementir	1,280	+20
Cigahotel	1,002	−193
Cofide Fin	1,165	−25
Credito Italiano	2,935	+33
Danieli & C	7,740	
EniChem	990	−60
Ferruzzi Fin	1,250	−4
Fiat Priv	1,910	−15
Fiat	3 834	−96
Fidis	2,645	−30
Finanz Agroind	6,250	
Fondiaria Spa	27,200	+450
Gemina	1,080	+1
Generali Assicur	28,450	−265
Giliardini	2,190	
IFI Priv	8,000	−98
Italcable	4,368	+118
Italcementi	7,703	+229
Italgas	3,188	−11
Lloyd Adriatico	10,000	+210
Mediobanca	12,630	−110
Montedison	1,130	−3
Olivetti	1,710	−40
Pirelli & Co	3,750	+50
Pirelli Spa	1,140	+22
RAS	19,518	+117
Rinascente (La)	7,900	+290
SASIB	4,190	
SIP	1,540	+25.50
Saffa A	3,700	+10
Saipem	2,160	
San Paolo	10,390	+22
Sirti Spa	7,900	+49
SMI	465	+4
Snia BPD	852	−7
STET	1,800	+15
Toro Assicur	20 750	+460
Tosi Franco	17 100	
Unicem	5,890	+56

NETHERLANDS

December 28	Fls.	+ or −
A B N Amro Holding	51 10	+0.20
AEGON	75.50	+0.40

NETHERLANDS (continued)

December 28	Fls.	+ or −
Ahold	89	−0 50
AKZO	140 10	+0.30
AMEV Dep Recs	61 60	−0.30
Bols Lucas Dep Recs	41.50	−0.50
Buehrmann T Dp Recs	27.70	−0.50
CSM Dep Recs	101.70	−0.70
DAF	10.20	+1.50
DSM	76.20	+0.90
Dordtsche Petr	136 30	+0.80
Elsevier Dep Recs	122	
Fokker Dep Recs	15.20	+0.10
Gamma	79	−0 80
Gist Broc Dep Recs	33.60	−0.20
Heineken	174.20	−0 50
Hollnd Beton	184	−3
Hoogovens Dep Recs	24	+0.30
Hunter Douglas	41.30	+0.30
IHC Caliand	86.50	−0.50
Int Nedlnd Dep Recs	54.90	+0.40
Intl Mueller	52	+0.50
KLM	25.30	+0.30
KNP	28	−0.30
Koln Pakhoed DpRcs	35.40	
Nedlloyd	32.90	+1.10
Nijverd-Ten Cate	68 70	+0.80
Nutr Ver Bed Dp Rcs	115	
Oce V Grint	41	+0.30
Philips	19.50	−0.40
PolyGram	44.40	+0.70
Robeco	98.30	+0.30
Rodamco	46 10	−0.10
Rolinco	97 10	
Rorento	80	+0.60
Ryl Dutch Wstm DpRc	26	−0.10
Royal Dutch	147.90	+0 70
Stork NV	26	+0.70
Unilever Dep Recs	192.50	+0.50
VNU	89.80	−0.90
Van Ommeren Dp Rcs	33.90	−0 10
Wessanen Dep Recs	100.30	+0.10
Wolters Kl Dep Recs	82.80	+0.10

SWEDEN (continued)

December 28	Kroner	+ or −
Hufvuds A	32	−1
Incentive A Free	185	+4
Incentive B Free	183	+3
Investor A Free	123	+3
Investor B Free	122	+2
Mo Och Dom B Free	218	+8
Nobel Free	12	
Procordia A	192	−8
Procordia B	189	−6
SCA A	121	+1
SCA B	118	−1
SKF A Free	71.50	−3.50
SKF B Free	71	+0.50
Sandviken A	410	−5
Sandviken B	411	+3
Skandia	85	−0.50
Skan Enskilda C	11	+0.50
Skanska B Free	83	+1.50
Stora Kopp A	288	−5
Stora Kopp B	288	−4
Svka Handl.B Free	31	
Trelleborg B	54	−1
Volvo A Free	352	−3
Volvo B Free	351	+5

SWITZERLAND

December 28	Frs.	+ or −
Adia Intl (Br)	202	+1
Alusuisse-Lnz Br	416	+23
Alusuisse-Lnz Reg	400	+16
Baloise (Reg)	1,605	−5
Brown Boveri (Br)	3,620	+80
Brown Boveri Ptg	719	+13
Brown Boveri Reg	700	+15
CS Hldgs (Br)	2,140	+60
Ciba Geigy (Br)	690	+27
Ciba Geigy (Reg)	654	+12
Elektrowatt (Br)	2,200	+20
Elvia (Reg)	1,500	
Fischer Geo (Br)	685	

JAPAN

December 28	Yen	+ or −
Ajinomoto	1,270	−40
Akebono Brake Ind	498	−22
All Nippon Airways	991	−29
Alps Electric	852	−10
Amada Co	1,000	−20
Amano Corp	1,240	+10
Ando Construction	656	−14
Anritsu	750	−15
Aoki Corp	451	−19
Aoyama Trading	8,250	+170
Arabian Oil Co Ltd	3 830	−50

December 28	Yen	+ or −
Japan Metals & Chem	609	−19
Japan Radio	1 210	−10
Japan Steel Works	425	−6
Japan Storage Batt	736	−9
Japan Syn Rubber	440	−6
Japan Wool	1 000	−20
Jujo Paper	475	−7
Jusco	1,400	+10
Kagome	1,040	−40
Kajima	833	+1
Kaken Pharm	1 380	−20

December 28	Yen	+ or −
Nikko Sec	657	−14
Nikon Corp	705	−20
Nintendo	10,900	−100
Nippon Credit Bank	4 720	−30
Nippon Denko	370	−25
Nippon Denso	1 470	−20
Nippon El Glass	1,060	−10
Nippon Express	735	−16
Nippon Fire	677	−2
Nippon Flour Mills	584	−16
Nippon Hodo	2,200	−20

INDICES

NEW YORK

DOW JONES	Dec 24	Dec 23	Dec 22	Dec 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3326.24	3313.54	3321.10	3312.46	3413.21 (1/6)	3136.58 (9/10)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103.10	103.30	103.18	103.07	103.30 (23/12)	98.41 (20/3)	103.30 (23/12/92)	54.99 (1/10/81)
Transport	1439.94	1443.57	1449.21	1448.60	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	223.84	223.77	223.59	222.27	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3339.48 (3350.55) Low 3303.27 (3293.01) (Theoretical♠)
Day's High 3327.86 (3332.45) Low 3312.73 (3313.54) (Actual♠)

STANDARD AND POOR'S

	Dec 24	Dec 23	Dec 22	Dec 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	439.77	439.03	440.31	440.70	441.28 (18/12)	394.50 (8/4)	441.28 (18/12/92)	4 40 (1/6/32)
Industrials	512.74	511.13	513.05	514.60	515.75 (18/12)	470.91 (8/4)	515.75 (18/12/92)	3.62 (21/6/32)
Financial	40.70	40.67	40.85	40.56	40.85 (22/12)	32.40 (8/4)	40.85 (22/12/92)	8.64 (1/10/74)
NYSE Composite	241.23	241.00	241.68	241.72	242.08 (18/12)	217.92 (8/4)	242.08 (18/12/92)	4.46 (25/4/42)
Amex Mkt. Value	394.17	392.79	391.66	390.68	418.99 (12/2)	364.85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	665.88	662.96	660.84	662.46	667.12 (8/12)	547.84 (26/6)	667.12 (8/12/92)	54.87 (31/10/72)

	Dec 18	Dec 11	Dec 4	year ago (approx.)
Dow Industrial Div. Yield	3.12	3.13	3.14	3.13

	Dec 16	Dec 9	Dec 2	year ago (approx.)
S & P Industrial div. yield	2.58	2.58	2.61	2.78
S & P Indl. P/E ratio	26.78	27.10	26.71	23.24

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Glaxo	2,514,700	22¾	−⅛
Tucson Elec	2,114,400	2⅞	−⅛
Am T & T	1,808,100	52⅛	+1½
IBM	1,787,300	52⅛	+1½
Bristol-Myers	1,450,900	68⅝	+⅛
Merck	1,255,300	44⅝	−¼
RJR Nabisco	1,122,100	8½	
Boeing	1,117,200	39⅝	+⅝
Citicorp	939,700	20½	−⅛
Philip Morris	856,000	77⅝	+⅜

TRADING ACTIVITY

† Volume (Millions)	Dec 24	Dec 23	Dec 22
New York SE	95.170	227.980	244.722
Amex	10.042	18.919	20.414
NASDAQ	106.263	252.890	247.699
NYSE			
Issues Traded	2,296	2,429	2,435
Rises	948	934	987
Falls	692	883	890
Unchanged	656	612	558
New Highs	64	130	129
New Lows	22	28	28

CANADA

TORONTO	Dec 24	Dec 23	Dec 22	Dec 21	1992 HIGH	1992 LOW
Metals & Minerals	2741.40	2753.09	2751.10	2743.63	3238.87 (16/1)	2529.91 (17/11)
Composite	3319.13	3323.15	3313.50	3310.40	3666.00 (16/1)	3195.40 (14/10)
MONTREAL Portfolio	1761.22	1763.25	1760.98	1755.18	1937.59 (16/1)	1663.16 (14/10)

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Dec 28	Dec 24	Dec 23	Dec 22	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	(c)	1536.2	1524.8	1530.1	1684.50 (22/5)	1357.20 (16/11)
All Mining (1/1/80)	(c)	603.9	602.4	598.4	726.80 (3/7)	545.40 (16/11)
AUSTRIA						
Credit Aktien (30/12/84)	312.44	(c)	311.78	307.59	458.57 (21/2)	291.41 (17/9)
Traded Index (2/1/91)	752.86	(c)	752.31	739 43	1099.43 (24/2)	682.96 (23/5)
BELGIUM						
BEL20 (1/1/91)	1132.99	1137.99	1135.65	1142.56	1235.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	264.23	(c)	263.41	261.60	365.29 (15/2)	250.42 (22/10)
FINLAND						
HEX General (28/12/90)	828.5	(c)	835.20	824.00	935.90 (24/2)	541.30 (7/9)
FRANCE						
CAC General (31/12/81)	480.09	477.91	473.53	469.92	555.93 (12/5)	441.70 (7/10)
CAC 40 (31/12/87)	1857.53	1854.59	1821.11	1824.37	2077.49 (11/5)	1611.04 (5/10)
GERMANY						
FAZ Aktien (31/12/58)	604.22	(c)	598.32	598.62	725.26 (26/5)	565.61 (12/10)
Commerzbank (1/12/53)	1710.1	(c)	1692.0	1693.4	2043.80 (25/5)	1594.60 (12/10)
DAX (30/12/87)	1544.61	(c)	1526.95	1523.57	1811.57 (25/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	5531.65	5442.01	5317.99	5297.74	6447.11 (12/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	(c)	1225.20	1222.32	1222.90	1469.57 (17/1)	1094.88 (19/10)
ITALY						
Banca Com. Ital. (1972)	438.48	(c)	437.87	428.96	551.59 (6/2)	354.93 (16/9)
MIB General (2/1/92)	868.0	(c)	868.0	850.0	1086.00 (5/2)	696.00 (16/9)
JAPAN**						
Nikkei (16/5/49)	17188.62	17648.85	(c)	17690.67	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1321.84	1350.16	(c)	1349.86	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1727.78	1731.82	(c)	1732.86	2459.85 (6/1)	1582.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	645.03	646.39	645.04	644.94	660.35 (5/11)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	295.6	294.7	294.4	293.6	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	198.9	198.3	198.1	197.6	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	659.15	(c)	667.04	673.15	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1241.01	1234.57	1223.67	1207.16	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	390.43	388.40	387.53	388.74	416.99 (21/1)	351.41 (21/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	816.0φ	815.0	817.0	822.0	1327.00 (21/1)	746.80 (10/11)
JSE Industrial (28/9/78)	4356.0φ	4338.0	4329.0	4304.0	4699.00 (4/6)	3936.00 (19/10)
SOUTH KOREA☆						
Korea Comp Ex. (4/1/80)	678.93	675.36	670.43	657.01	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	215.07	(c)	218.14	219.82	266.51 (28/2)	179.48 (5/10)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	917.8	(c)	916.9	914.6	1024.50 (11/5)	639.00 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	921.3	(c)	910.7	907.8	921.30 (28/12)	748.50 (8/1)
SBC General (1/4/87)	685.7	(c)	678.1	674.3	685.70 (28/12)	596.40 (26/8)
TAIWAN						
Weighted Price (30/6/66)	3327.67	3456.00	3448.15	3579.97	5391.63 (30/1)	3327.67 (28/12)
THAILAND						
Bangkok SET (30/4/75)	890.83	869.00	863.50	863.87	963.03 (5/11)	667.84 (29/5)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	501.0*	505.0	504.7	506.6	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	874.17	870.34	867.91	869.24	976.55 (25/5)	772.52 (5/10)

**December 25: Nikkei 17,557.04, Tokyo SE 1,341.82, 2nd Section 1,733.23.
φ Subject to official recalculation. ☆ December 26: Korea Comp Ex. 678.44. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX − 1,000, JSE Gold − 255.7, JSE 26 Industrials − 264.3 and Australia All Ordinary and Mining − 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday, December 28, 1992

	Stocks Traded	Closing Prices	Change on day
Mitsui Mining	1.7m	468	−8
Npn Steel	1.5m	290	−3
Kawasaki Steel	1.4m	282	−5
Hitachi	1.3m	749	−1
Isuzu Motor	1.2m	308	+7
Nippon Jutaku	1.2m	280	−13
Green Cross	1.1m	1310	−20
Mitsubishi Heavy	0.9m	541	−6
Kobe Steel	0.9m	295	−4
Mitsubishi Elec	0.8m	481	−5

WORLD STOCK MARKETS

AMERICA

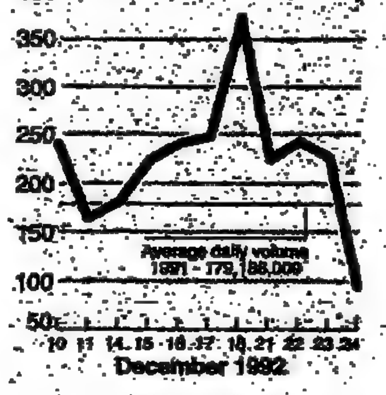
Equities drift lower in quiet midsession

Wall Street

US stock prices drifted lower yesterday morning in thin, featureless trading, as the market marked time ahead of the new year, *writes Karen Zagor in New York*.

At 1 pm, the Dow Jones Industrial Average was 13.24 lower at 3,313.00. The more broadly based Standard & Poor's 500 was off 2.15 at 437.62, while the Amex composite was down 0.54 at 393.65, and the Nasdaq composite fell 1.52 to 664.36. NYSE trading volume was less than 79m shares by 1pm, and declines outnumbered rises by 1,047 to 605.

NYSE volume



Last Thursday, the Dow rose 12.70 to 3,326.24 in an abbreviated pre-Christmas session. NYSE volume was less than 100m shares. The Standard & Poor's 500 closed 0.74 higher at 439.77 while the Nasdaq composite firmed 2.92 to 665.88.

In the pharmaceutical sector, Glaxo Holdings' ADRs slid $⅝ to a 52-week low of $22 in active trading. Merck also saw heavy turnover, easing $¼ to $44⅝.

IBM started the week on a weak note, losing $1⅝ to $51¼. Investors are still wary of the stock, which hit a 17-year low of $48¾ a week ago.

Occidental Petroleum shed $¼ to $17¼ after the company announced a proposed settlement of legal action surrounding its dividend policy. The company, which currently pays a regular quarterly dividend of 25 cents per share, said that the proposal included maintaining its annual common stock dividend at no less than $1 per share through 1997. The settlement is subject to final approval by the federal court.

A number of department store and other retailer shares lost ground yesterday morning. The sector has suffered from lower investment ratings in spite of a strong Christmas season. Shares in Wal-Mart fell $¼ to $64⅜, Kmart eased $⅜ to $24¼, J.C. Penney was off $⅝ to $75⅝ and Dillard Department Stores fell $⅜ to $48¼.

In Nasdaq trading, shares in Northeast Bancorp plummeted $4⅜, or nearly 50.7 per cent to $4¼ on news that the Connecticut-based commercial banking group had agreed to be acquired by First Fidelity Bancorp in a stock swap which values Northeast at about $29m.

Canada

TORONTO was closed yesterday for a public holiday. On Christmas Eve, the TSE 300 fell 3.2 to 3,319.9 pressured by losses in the heavily weighted BCE Inc and Oshawa Group A shares. Advancing issues outpaced decliners by 226 to 171.

BRAZILIAN shares rallied 11.4 per cent in heavy early afternoon trading, after a 13.3 per cent gain on Wednesday, as investors continued to buy on news that the government had freed the telecommunications sector to adjust prices in line with inflation over the next six months, *Reuter reports from São Paulo*. The Bovespa index was quoted at 66,377, up 6,821.

Japan impatient for 'annus horribilis' to end

Emiko Terazono looks back on a difficult 1992 and assesses the stock market's prospects for next year

The last year has brought more trouble to the Tokyo stock market, rocked by horror stories about a possible meltdown of the financial system, a plunge in the real estate market, a slump in consumer demand and poor corporate earnings. From a high of 23,801.18 early in January, the Nikkei average had dropped 40 per cent to 14,309.41 by mid-August.

At that point, a Y10,700bn ($86bn) emergency government spending package to revive the economy took the Nikkei up to 18,908 in September, but that recovery has been only partly sustained and analysts believe that many of the problems affecting Japanese share prices are likely to continue in 1993.

Tokyo's woes started in early April, when bank shares plunged on fears over the financial system. Investors' worries were compounded by the authorities' failure to react, causing discontent among the financial community.

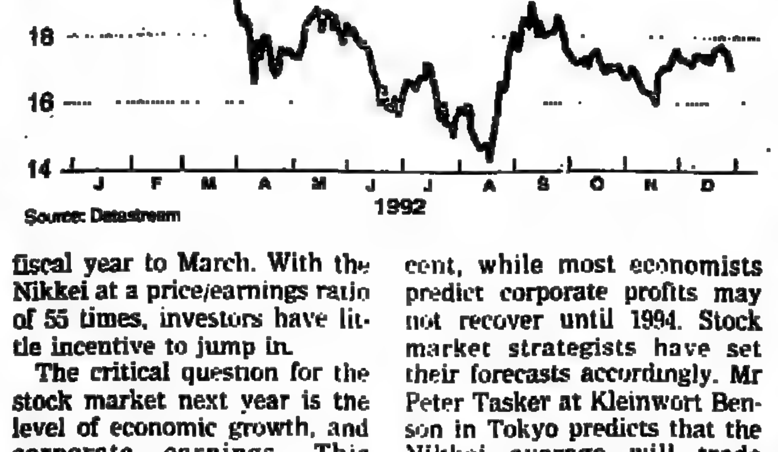
Sharp falls in real estate prices and rumours of financial problems at leading condominium developers and housing concerns came next. Mounting bad debts at housing loan companies also distressed investors and figures for bad loans held by the banking sector, ranging from Y20,000bn to Y60,000bn, circulated the market.

The government's emergency package lifted the Nikkei from a six-year low. Along with the fiscal spending package, the government pledged to stimulate the stock market by adding additional public funds into stock investments and restricting investors from selling stock holdings to realise profits.

The government's support for the stock market, however, has kept shares expensive at a time when the economy is still stumbling, and corporate earnings are continuing to fall.

Companies were hurt by the sudden decline in consumer demand which government officials had hoped would pull Japan's economy out of the doldrums. A study showed that interim earnings at 516 leading manufacturing companies fell by 38 per cent on average, and most analysts are predicting a 20 to 30 per cent fall for the fiscal year to March. With the Nikkei at a price/earnings ratio of 55 times, investors have little incentive to jump in.

Nikkei average



The critical question for the stock market next year is the level of economic growth, and corporate earnings. This month the government halved its growth forecast for the current fiscal year from 3.5 to 1.6 per cent, and has declined to say when a recovery will begin.

Private growth forecasts range between 2.3 to 2.8 per cent, while most economists predict corporate profits may not recover until 1994. Stock market strategists have set their forecasts accordingly. Mr Peter Tasker at Kleinwort Benson in Tokyo predicts that the Nikkei average will trade between 15,000 and 19,300 while Mr Jason James at James Capel sees it moving within a 16,000-20,000 range.

Japanese analysts are a little more bullish, with Mr Tatsuo Kurokawa at Nomura Securities predicting 16,000-21,000 and Mr Yasuo Ueki at Nikko Securities on 16,500-24,000. Mr Ueki expects heavy profit-taking around the 20,000 level, but thinks that sentiment will be lifted by economic recovery.

The lack of exciting new products this year probably heralds a trend over the next few years. Mr Tasker says that the major talking point next year is likely to be how well leading companies handle a rehabilitation phase. Manufacturers will undergo slow and painful restructuring, adjusting to low growth over the next few years, and shedding fat accumulated in the late 1980s by cutting staff and capital spending.

Meanwhile, some analysts predict a return of the crisis in confidence in the banking sector, triggered by surfacing problems at a few smaller financial institutions.

The banks are scheduled to launch the "Co-operative Credit Purchasing Company", a loan and land buying agency early next year, with 162 institutions investing a total of Y7.9bn. But rather than stimulate the faltering property market, the new agency is designed to accelerate the write-off of bad loans at the banks. Ms Alicia Ogawa, banking analyst at Salomon Brothers in Tokyo, comments: "I don't know anybody who has high hopes of the land buying company."

However, share prices are likely to remain firm against possible turmoil in the financial, political, or industrial arenas thanks to support from public funds. And while heavy-handed management may increase the inefficiency of the market, investors may find comfort in some sectors.

The revival of the US economy could lift high-technology issues, especially in semiconductor-related sectors. Early buyers have already started to move into electricals and semiconductor equipment makers. Other investors may see value in public works-related stocks, such as regional contractors, roadmakers and sewage diggers which are likely to be beneficiaries of the government's fiscal public works programme.

EUROPE

Frankfurt and Zurich rally on window-dressing

RALLIES in Germany and Switzerland, with more than a suggestion of window-dressing, contrasted with a shock for the Spanish banking sector, *writes Our Markets Staff*.

FRANKFURT forged ahead again as window-dressing, thin turnover and expectations of a year-end rally took the DAX index to its highest close for four weeks, up 17.66 at 1,544.61, just 2 per cent below its starting point for 1992.

Turnover fell from DM2.7bn to DM2.6bn. Volatility in illiquid stocks such as the battery maker, Varta, DM14.50 higher at DM225, and the ball-bearing manufacturer, Kugelfischer, DM5 better at DM91, suggested that fund managers were using the thin market to enhance year-end performance.

Deutsche Bank rose DM8.90 to DM653.50 and the insurer, Allianz, added DM33 to DM1,988 on short-covering and hopes of an interest rate cut early next year.

Kaufhof rose DM15.50 or 3.8 per cent to DM425 on a continuing reaction to last week's announcement that the retailer had bought 50.1 per cent of the Swiss travel agency, Kuoni.

ZURICH's SMI index rose 30.9 to 2,092.4 on hopes for lower interest rates in Germany, and in turn in Switzerland. Speculation on a strong rally in 1993, a dollar above SFr1.45 and window-dressing also contributed to the firm tone.

Banks benefited with CS Holding SFr60 higher at SFr2,140, SBC up SFr9 at SFr304 and Swiss Volksbank, the subject of takeover speculation some weeks ago, up SFr60, or 8.8 per cent at SFr740.

Brown Boveri rose SFr80 to SFr3,620, having returned to favour this month after a share price retreat earlier in the second half.

MADRID's banking sector fell, leading to general weakness after a high court ordered Banco Santander to post a Pta8bn bond to cover alleged tax irregularities in past loan transactions. Santander fell Pta230 to Pta4,290. Central Hispano and Popular both eased by more than 1 per cent as the general index closed 3.07, or 1.4 per cent lower at 215.07.

PARIS gave back most of the day's gains but managed to close slightly firmer. The CAC-40 index put on 2.94 to 1,857.53 in thin volume of FFr1.7bn, off the day's high of 1,872.43. On Christmas Eve, the index rose 33.48 to 1,854.59 on the first day of the January account.

MILAN ended virtually unchanged as early losses were countered by a light recovery later on. The Comit index rose 0.61 to 438.48 in estimated turnover of L100bn after L260bn on December 23.

Fiat was fixed down L96 at L3,834 but later recovered to L3,870. Other gainers included the retailer Rinascente, up L290 at L7,900, and the insurance sector, led by Fondiaria, up L468 at L27,218.

BRUSSELS was pulled down by a decline in the food retailer, Delhaize. The Bel-20 index fell 4.60 to 1,132.99, after gaining 1.94 to 1,137.59 on Christmas Eve.

Delhaize dropped BFr22 to BFr1,368, pushed down by a 4 per cent drop in shares of its US Food Lion unit on new rumours that hygiene standards at the discount chain were unsatisfactory and on a newspaper report, denied by Delhaize, that Food Lion would halt its expansion programme.

AMSTERDAM continued its end-year rally but a flat opening on Wall Street dampened earlier gains. The CBS Tendency index closed at 107.1, up 0.3 from last Thursday when it closed 0.2 higher at 106.8.

STOCKHOLM was little changed after late buying reversed a weak trend at the opening. The Affärsvärlden general index rose 0.9 to 917.8 as turnover dropped to SKr368m from SKr624m.

Among active stocks, Ericsson B share roses SKr3 to SKr190 while Astra B closed SKr1 down at SKr737.

OSLO fell 1.4 per cent in thin post-holiday trading. The composite index fell 5.21 to 368.75 in turnover of NKr66.8m. Norsk Hydro lost NKr3.5 to NKr151 while Saga Petroleum A shed NKr1 to NKr67.50.

FT-SE Actuaries Share Indices

December 24 — THE EUROPEAN SERIES

Hourly changes†	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1077.35	1077.51	1077.52	1077.97	-	-	-	1078.93
FT-SE Eurotrack 200	1158.94	1158.09	1158.30	1158.93	-	-	-	1160.29

	Dec 23	Dec 22	Dec 21	Dec 18	Dec 17
FT-SE Eurotrack 100	1073.60	1072.92	1059.21	1050.25	1034.41
FT-SE Eurotrack 200	1154.31	1157.60	1145.44	1136.56	1119.02

Base value 1000 (26/10/90) High/day: 100 - 1079.50 200 - 1160.29 Low/day: 100 - 1077.18 200 - 1157.94 †Partial

ASIA PACIFIC

Nikkei closes lower in thin trading

Tokyo

JAPANESE stocks succumbed to Monday blues and closed just off the day's lows in very thin trading, *Reuter reports from Tokyo*.

The Nikkei average closed 368.42 or 2.10 per cent lower at 17,188.62, after a high of 17,538.88 and a low of 17,162.74. Decliners led gainers by 812 to 131, with 154 unchanged. On Friday, the Nikkei fell 91.81 to 17,557.04, and decliners led advancers by 586 to 337 with 213 unchanged. On Thursday, the index lost 41.82 to 17,648.85.

Yesterday, the broader first section Topix index was down 19.98 or 1.5 per cent to 1,321.84 while the second section index fell 5.45 to 1,727.78.

About 100m shares were traded, which brokers said was the lowest daily volume since May 31, 1982, after 180m on Friday and 200m on Thursday. The Tokyo Stock Exchange said yesterday that total traded turnover in 1992 up to December 25 was about a quarter of that recorded in 1991, and for the whole of 1992 looks set to be the lowest in 17 years.

Selling by investment trusts and dealers squeezed prices, while most investors shunned the market in the absence of fresh incentives and ahead of the New Year holiday. Yesterday was the first trading day for January delivery and some participants had hoped for a year-end technical rebound.

NTT fell Y5,000 to Y575,000 on continued profit-taking after its recent sharp gains as an asset re-evaluation stock and a top candidate for a new weighted average.

Semi-conductor related issues were also down on profit-taking after last week's jump. Canon fell Y10 to Y1,380, Kokusai Electric Y20 to Y1,680 and Nikon Y20 to Y705.

Roundup

TRADING was mostly quiet in the region ahead of the New Year holidays.

TAIWAN plunged 3.7 per cent to a 23-month low on fears of political instability after the December 19 parliamentary elections. The weighted index closed 128.33 down at 3,327.67, the lowest close since January 16, 1991 during the Gulf crisis, in turnover of T$10bn. Last Thursday, the weighted index ended 7.85 higher at 3,456.00 in low turnover of T$8.1bn.

HONG KONG rose on year-end window-dressing but trading was lacklustre as many players remained on holiday. The Hang Seng index finished at 5,531.65, up 89.64, in turnover of HK$2.27bn. On Thursday, overseas buying lifted the Hang Seng by 124.02 or 2.3 per cent to 5,442.01 in half-day turnover of HK$1.47bn.

Yesterday, expectations of a lift on the mortgage ceiling boosted the property sector. Cheung Kong rose 70 cents to HK$19.40, Sun Hung Kai Properties was up 60 cents to HK$28.30 and Henderson Land jumped 90 cents to HK$14.90.

SEOUL fell on the last trading day of 1992 as afternoon profit-taking eroded early gains. The composite index fell 6.97 to 680.96 after adding 4.93 to 675.36 last Thursday.

MANILA edged higher on firm investor sentiment after Christmas passed without violations of a ceasefire agreement between the government and army rebels. The composite index closed 6.44 higher at 1,241.01 after a rise of 10.90 to 1,234.57 on Christmas Eve.

Also on Christmas Eve, AUSTRALIA's All Ordinaries index jumped 11.4 to 1,536.2 in turnover of A$305.6m. Western Mining went against the trend with a fall of 6 cents to A$4.36 after it said that first-half profits were likely to be "substantially lower" than the same period a year ago if low nickel prices persisted.

NEW ZEALAND's NZSE 40 index added 7.1 to 1,542.25.

SOUTH AFRICA

GAINS in industrial and financial shares lifted Johannesburg as the all-share index rose 10 to 3,256. The industrial index added 18 to 4,356 while the gold index shed 1 to 816.

Last Thursday, industrials rose 10 to 4,338 and the all-share index was 5 up at 3,246. Golds were steady at 817.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or −	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 8¼pc 1993	100 5/32	....	100 13/32	97 13/16	8.24	6.90
10pc 1993‡‡	100 15/16	--	101 15/16	99 7/16	9.99	6.65
12½pc 1993‡‡	103 1/32	—	104 7/32	100 13/16	12.11	6.46
Funding 6pc 1993‡‡	99⅞	--	100	95 7/16	6.02	6.53
Treas 13¾pc 1993‡‡	106¾	—	107⅞	103 3/16	12.93	6.45
8½pc 1994	101 13/32	—	102 13/16	96¼	8.34	6.60
14½pc 1994‡‡	109⅞	−1/16	110 7/16	104 13/16	13.32	6.55
Exch 13½pc 1994	108⅝	—	110 11/16	103 13/16	12.43	6.64
Treas. 10pc Ln. 1994‡‡	104½	—	105 7/32	98 13/16	9.57	6.66
Exch 12½pc 1994	106 15/32	—	110 7/16	103 7/16	11.80	6.84
Treas 9pc 1994‡‡	103 5/32	—	104⅜	96⅝	8.67	6.77
12pc 1995	109 3/32xd	+1/16	111 1/16	103 15/16	10.94	6.89
Exch 3pc Gas 90-95	94⅛	—	95¼	88¼	3.19	5.69
10¼pc 1995	107 13/32	—	109⅛	99 3/16	9.52	6.90
Treas 12¾pc 1995‡‡	114¾	+1/16	116½	106⅛	11.11	6.95
14pc 1996	118 7/32xd	+1/16	119 3/16	109 [illegible]	11.85	7.30
9pc 1992-96‡‡	100 7/32xd	—	104½	98 3/16	8.98	7.14
15¼pc 1996‡‡	123 3/16	—	126¼	113 13/16	12.39	7.32
Exch 13¼pc 1996‡‡	117¼	—	118 7/16	108	11.30	7.36
Conversion 10pc 1996	109¾	—	110 13/16	98 13/16	9.16	7.21
Treas 13¼pc 1997‡‡	119 15/32xd	—	121 13/16	109 11/16	11.06	7.50
Exch 10½pc 1997	111	+1/16	112⅞	100 13/16	9.46	7.34
Treas 8¾pc 1997‡‡	105¾	+1/32	107½	94	8.27	7.25
8¾pc '97 ‡‡(£60 pd)	63⅝	+1/32	65½	60	8.28	7.28
Five to Fifteen Years						
Exch 15pc 1997	129 13/16	+1/32	131 3/16	117 13/16	11.59	7.57
9¾pc 1998	109 15/16	+1/32	111 3/16	97 13/16	8.89	7.41
Treas 7¼pc 1998 (£25 pd)	25 13/32	+1/32	27 3/16	24 5/16	7.23	7.18
Treas 6¾pc 1995-98‡‡	97 13/32	+1/32	98 3/16	86 13/16	6.96	7.23
15½pc '98‡‡	135	+⅛	137 13/16	123 7/16	11.48	7.81
Exch 12pc 1998	119⅛	+1/16	121 7/16	107 13/16	10.07	7.87
Treas 9½pc 1999‡‡	109½	+1/32	111 3/16	97 3/16	8.71	7.58
Exch 12¼pc 1999	120 13/16	—	123 3/16	109½	10.14	7.95
Treas 10½pc 1999	113 13/16	—	116 3/16	101 13/16	9.23	7.71
Conversion 10¼pc 1999	113 7/16	—	115 13/16	100 13/16	9.05	7.72
9pc 2000‡‡	106 13/16	—	109⅛	94⅝	8.43	7.73
Treas 13pc 2000	126 7/16	+1/32	128 7/16	114 13/16	10.27	8.20
10pc 2001	110 13/16	—	113 13/16	99 13/16	9.02	8.13

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1992 high	1992 low	Yield Int.	Yield Red.
14pc '98-1	126⅞	+1/32	128 13/16	115 13/16	11.08	7.89
9¾pc 2002	109⅞	+1/16	111⅞	98⅜	8.91	8.30
8pc 2003 (£25 pd)	23 13/32	+1/32	23 13/32	21 13/32	8.13	8.22
10pc 2003	110 13/16	—	113 1/16	100 1/32	9.01	8.41
Treas 11½pc 2001-4	117 13/16	—	120¼	107 3/16	9.78	8.43
Funding 3½pc '99-4	68 13/16	+1/16	69⅝	59½	5.09	7.58
Conversion 9½pc 2004	107 13/16	+1/16	109 3/16	96 13/16	8.83	8.47
9½pc 2005	107½	+1/16	109 3/16	96 13/16	8.84	8.49
Treas 12½pc 2003-5	126⅛	—	128¼	116 3/16	9.91	8.72
8pc 2002-6‡‡	96 3/16	+3/16	97 13/16	85½	8.28	8.47
Treas 11¾pc 2003-7	120 13/16xd	—	122⅞	110 13/16	9.75	8.66
Treas 8½pc 2007 ‡‡	99 7/16	+1/16	100 13/16	88 13/16	8.54	8.55
13½pc '04-8	133⅛	—	135 13/16	123 13/16	10.14	8.79
Over Fifteen Years						
9pc 2008 ‡‡	103 13/32	+1/32	104 13/16	93 13/16	8.70	8.59
8pc 2009	94 3/32	—	95 3/16	85 3/16	8.48	8.63
8pc 2009 A (£50 pd)	58⅛	—	60 13/16	56⅞	8.50	8.66
Conv 9pc Ln 2011 ‡‡	102 7/16xd	—	103⅝	93 13/16	8.78	8.71
Treas. 9pc 2012	102 13/16	—	103 13/16	93 13/16	8.78	8.72
9pc 2012 A	102 13/16	—	103½	94¼	8.78	8.72
Treas 5½pc 2008-12‡‡	71 13/16	—	72⅝	62⅞	7.88	8.47
7¾pc 2012-15‡‡	91 13/16xd	—	92 3/16	81 13/16	8.47	8.62
Exch 12pc '13-'17	128 13/16xd	—	130	118 13/16	9.35	8.96
Treas 8¾pc 2017	99 3/16	—	101 3/16	91 13/16	8.94	8.80
8¾pc 2017 A ‡‡	99 1/16	—	101 1/16	91 7/16	8.81	8.81
Undated						
Consols 4pc	44 13/16	—	45 3/16	39⅞	8.98	–
War Loan 3½pc‡‡	39 3/16	—	40¼	35 3/16	8.87	–
Conv 3½pc '61 Aft.	61 3/16	—	63 13/16	59	5.67	–
Treas 3pc '66 Aft.	34⅛	—	35	29 13/16	8.79	–
Consols 2½pc	28 13/16xd	—	29 13/16	24 13/16	8.53	–
Treas. 2½pc	28⅛	—	29	24 13/16	8.89	–

BRITISH FUNDS - Cont.

Index-Linked	Notes	Price £	+ or −	1992 high	1992 low	Yield (1)	Yield (2)
	(b)						
Treas. 2pc '94	(102.9)	132 13/16	−½	132⅞	122⅞	–	1.80
2pc '96	(67.9)	195 13/16	+½	197¼	176 3/16	1.92	2.84
4⅝pc '98	(135.6)	106 13/16	+½	108 7/16	100 13/16	2.77	3.34
2½pc '01	(78.3)	159 13/16	+½	162 13/16	139 3/16	3.24	3.59
2½pc '03	(78.8)	155½	+½	158⅞	135	3.38	3.65
4⅜pc '04	(135.6)	105 13/16	+½	109½	101 3/16	3.49	3.77
2pc '06	(69.5)	159 13/16	+½	162 13/16	137½	3.51	3.73
2½pc '09	(78.8)	144 5/16	+13/16	147 13/16	124 13/16	3.66	3.86
2½pc '11	(74.6)	149 3/16	+⅛	152 13/16	129 3/16	3.68	3.87
2½pc '13	(89.2)	122 13/16	+½	126½	105 3/16	3.71	3.87
2½pc '16	(81.6)	130 13/16xd	+11/16	133 13/16	112⅞	3.74	3.90
2½pc '20	(83.0)	125⅛	+11/16	128 13/16	107 13/16	3.78	3.92
2½pc '24‡‡	(97.7)	103 3/16	+13/16	106 13/16	88⅞	3.80	3.93
4⅛pc '30‡‡	(135.1)	104 1/16xd	+⅞	107 13/16	91 13/16	3.81	3.95

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for April 1992: 138.8 and for November 1992: 139.7.

OTHER FIXED INTEREST

Notes	Price £	+ or −	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	117⅞	+⅛	118¼	105⅞	9.48	9.09
Asian Dev 10¼pc 2009	110 13/16	+½	111 13/16	100 3/16	9.26	8.98
B'ham 11½pc 2012	116	+⅛	116	102¼	9.91	9.88
Ireland Cap 8½pc '10	98¾	—	100	88⅛	8.61	–
9pc Cap 1996	101¼	—	105½	90	8.89	–
13pc '97-2	116	—	119¾	103⅞	11.21	–
Hydro Quebec 15pc 2011	140⅝	+⅛	141 13/16	130⅞	10.67	10.09
Leeds 13½pc 2006	129	−⅛	129½	116¼	10.47	9.67
Liverpool 3½pc Irred	35	+¼	38	30	10.00	–
LCC 3pc '20 Aft.	30½	−¼	32	27	9.84	–
Manchester 11½pc 2007	115¾	+⅛	115¾	103¼	9.94	9.49
Met. Wtr. 3pc 'B'	64¼	+⅛	64¼	53	4.67	8.13
N'wide Anglia 3⅞pc 2021	117½	+⅛	121	103¼	–	4.99
4¼pc IL 2024	116½	+2	118¼	103¼	–	4.77
Utd Mex States 16½pc 2008	132½	+⅛	132½	121½	12.46	11.87

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 24 1992								WEDNESDAY DECEMBER 23 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	124.40	+0.7	120.39	97.35	103.03	119.65	+0.8	4.06	123.53	119.98	96.67	102.41	118.93	153.68	108.18	143.93
Austria (18)	138.69	+0.0	134.21	108.53	114.86	114.59	+0.0	2.13	138.69	134.70	108.53	114.97	114.59	186.70	134.91	166.36
Belgium (42)	135.93	+0.3	131.55	106.37	112.58	109.79	+0.1	5.21	135.55	131.65	106.07	112.37	109.64	152.27	133.99	142.38
Canada (113)	115.88	−0.1	112.14	90.68	95.97	105.64	−0.2	3.21	116.00	112.68	90.77	96.16	105.84	142.12	111.36	131.75
Denmark (34)	192.23	+0.2	186.03	150.43	159.20	160.53	+0.0	1.70	191.91	186.39	150.19	159.09	160.53	273.94	181.70	265.08
Finland (15)	69.99	−0.2	67.73	54.77	57.96	76.82	+0.0	1.84	70.12	68.10	54.88	58.13	76.82	89.80	52.84	74.28
France (99)	149.30	+1.7	144.48	116.83	123.64	127.22	+1.5	3.55	146.86	142.64	114.92	121.73	125.32	168.75	136.93	147.54
Germany (64)	104.60	+0.1	101.22	81.86	86.62	86.62	+0.0	2.62	104.50	101.49	81.79	86.62	86.62	129.69	102.51	115.38
Hong Kong (53)	219.30	+2.4	212.23	171.61	181.63	217.94	+2.5	4.13	214.07	207.91	167.52	177.46	212.71	262.28	176.36	171.93
Ireland (16)	138.92	+0.1	134.44	108.71	115.05	118.13	+0.2	4.64	138.84	134.84	108.65	115.09	117.92	173.71	122.98	164.02
Italy (77)	55.70	+0.3	53.90	43.58	46.13	59.25	+0.0	3.50	55.52	53.93	43.45	46.02	59.25	80.86	47.47	72.78
Japan (472)	109.67	+0.0	106.14	85.83	90.84	85.83	+0.0	0.98	109.63	106.47	85.79	90.89	85.79	140.95	87.27	131.26
Malaysia (69)	266.41	+0.4	257.82	208.47	220.63	266.51	+0.4	2.49	265.34	257.71	207.64	219.98	265.44	282.42	212.49	210.97
Mexico (18)	1652.73	+0.0	1599.43	1293.38	1368.79	5628.84	−0.1	1.07	1652.05	1604.53	1292.83	1369.52	5634.66	1789.77	1185.84	1314.59
Netherland (25)	154.09	+0.2	149.12	120.58	127.62	126.03	+0.1	4.51	153.79	149.38	120.35	127.49	125.89	169.70	147.86	151.84
New Zealand (13)	42.35	+0.9	40.98	33.14	35.08	43.61	+0.5	6.11	41.96	40.75	32.83	34.78	43.38	48.52	37.39	46.29
Norway (22)	142.31	−0.2	137.72	111.37	117.86	130.87	+0.0	1.84	142.63	138.52	111.62	118.24	130.87	192.95	128.05	169.95
Singapore (38)	209.45	−0.2	202.70	163.91	173.47	158.30	+0.0	2.08	209.88	203.84	164.24	173.98	158.38	229.63	179.65	213.85
South Africa (60)	145.95	−0.9	141.24	114.21	120.87	156.79	+0.1	3.25	147.32	143.08	115.28	122.12	156.71	283.80	134.21	246.11
Spain (48)	121.00	+0.2	117.09	94.69	100.21	103.49	+0.0	5.61	120.73	117.26	94.48	100.08	103.49	161.72	107.10	150.76
Sweden (31)	167.93	+0.1	162.51	131.42	139.08	175.14	+0.0	2.24	167.75	162.93	131.28	139.06	175.14	200.28	149.69	171.91
Switzerland (60)	113.32	+0.1	109.67	88.69	93.87	101.13	+0.0	2.12	113.21	109.95	88.60	93.86	101.13	122.37	95.99	98.76
United Kingdom (226)	173.39	+0.4	167.80	135.67	143.59	167.79	+0.0	4.41	172.74	167.77	135.18	143.18	167.77	200.07	161.86	179.02
USA (522)	179.52	+0.1	173.73	140.49	148.69	179.52	+0.1	2.85	179.28	174.13	140.31	148.63	179.28	180.08	160.92	165.05
Europe (777)	137.38	+0.4	132.95	107.51	113.79	124.24	+0.2	3.79	136.77	132.84	107.04	113.39	123.97	156.88	131.31	143.86
Nordic (102)	151.39	+0.1	146.51	118.47	125.38	140.65	+0.0	2.05	151.25	146.90	118.36	125.39	140.55	186.52	141.24	178.21
Pacific Basin (713)	113.86	+0.2	110.18	89.10	94.30	91.01	+0.2	1.32	113.64	110.37	88.93	94.20	90.84	141.97	93.70	132.54
Euro-Pacific (1490)	123.37	+0.3	119.39	96.54	102.17	104.39	+0.2	2.44	123.00	119.46	96.24	101.96	104.18	145.21	113.80	137.38
North America (635)	175.58	+0.1	169.92	137.42	145.44	174.62	+0.1	2.86	175.38	170.32	137.25	145.39	174.31	176.04	158.70	162.94
Europe Ex. UK (551)	115.89	+0.5	112.15	90.71	96.00	100.68	+0.4	3.34	115.32	112.00	90.28	95.62	100.81	132.88	111.33	122.68
Pacific Ex. Japan (241)	154.90	+1.2	149.90	121.24	128.30	143.03	+1.2	3.72	153.01	148.61	119.76	126.86	141.33	175.31	146.06	145.21
World Ex. US (1681)	124.31	+0.3	120.30	97.29	102.96	106.35	+0.2	2.46	123.97	120.41	97.02	102.77	106.16	148.91	115.99	139.07
World Ex. UK (1977)	138.98	+0.2	134.49	108.76	115.11	125.01	+0.2	2.42	138.70	134.71	108.55	114.99	124.79	150.58	127.21	143.71
World Ex. So. Af. (2143)	142.08	+0.2	137.48	111.18	117.66	128.49	+0.2	2.62	141.74	137.66	110.93	117.51	128.28	153.05	130.04	146.14
World Ex. Japan (1731)	160.37	+0.3	155.20	125.51	132.84	153.74	+0.2	3.20	159.93	155.33	125.17	132.60	153.42	165.40	151.93	156.38
The World Index (2203)	141.96	+0.2	137.39	111.10	117.58	128.79	+0.2	2.62	141.66	137.59	110.86	117.44	128.58	153.70	130.86	148.79

Markets closed December 24: Austria, Denmark, Finland, Germany, Italy, Norway, Spain, Sweden and Switzerland.
Latest prices were unavailable for this edition.

AMERICANS

	Notes	Price £	+ or –	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	[illegible]	[illegible]	21[illegible]	14[illegible]	17,209	1.8
Allegheny & W	♥	433p	—	454p	226p	325.0	4.4
Amdahl		445p	—	1159p	438p	593.1	1.4
Amer Cyanamid		37[illegible]	—	38[illegible]	28[illegible]	3,400	2.8
Amer Express		[illegible]	[illegible]	[illegible]	10[illegible]	7,787	3.9
Amer T & T		[illegible]	[illegible]	33[illegible]	20[illegible]	44,717	2.5
Ameritech		47[illegible]	—	47[illegible]	32[illegible]	20,742	4.9
BankAmerica		[illegible]	[illegible]	[illegible]	19[illegible]	10,378	2.7
Bankers NY		[illegible]	[illegible]	[illegible]	28[illegible]	3,081	4.4
Bell Atlantic		34[illegible]	—	34[illegible]	23[illegible]	14,946	4.7
BellSouth		34[illegible]	—	34[illegible]	25	17,153	5.1
Bethlehem Steel	♥	10[illegible]	—	10[illegible]	5[illegible]	944.2	–
Bowater		1622p	—	1637p	905p	587.7	4.7
CPC	h	32[illegible]	[illegible]	33	22[illegible]	4,913	2.3
Cadiz Land Inc	♥	115p	—	342p	108p	–	–
California Engy		1050p	—	1050p	531p	191.2	–
Chase Manhattan		[illegible]	[illegible]	18[illegible]	9[illegible]	2,781	4.1
Chrysler		[illegible]	[illegible]	21[illegible]	[illegible]	6,094	1.8
Citicorp		13[illegible]	—	13[illegible]	5[illegible]	4,910	–
Colgate-Palm		[illegible]	[illegible]	43[illegible]	25[illegible]	5,880	2.1
Cont'l Bank		1361p	—	1361p	499p	1,375	2.8
Dana		[illegible]	[illegible]	30[illegible]	14[illegible]	1,404	3.3
Data General		755p	—	1004p	354p	211.4	–
Decora Inds	♥	145p	—	145p	58p	–	–
Dun & Brad		38[illegible]	—	38[illegible]	27[illegible]	6,791	3.8
Exxon		52[illegible]	—	52[illegible]	32[illegible]	1,799	2.7
FPL		[illegible]	[illegible]	15[illegible]	7[illegible]	858.9	2.9
Fluor		24[illegible]	[illegible]	24[illegible]	17[illegible]	4,417	6.4
Ford Motor		27[illegible]	[illegible]	30[illegible]	19[illegible]	2,188	1.1
Gen Elect		27[illegible]	[illegible]	27[illegible]	15	13,385	2.3
General Host		56[illegible]	[illegible]	56[illegible]	35[illegible]	46,308	2.8
Gillette	♥	585p	—	611p	360p	–	3.9
Hasbro		37[illegible]	[illegible]	40	23[illegible]	8,322	1.2
Honeywell		20[illegible]	—	23[illegible]	12[illegible]	1,812	0.6
Houston Inds	h	21[illegible]	[illegible]	22[illegible]	18	5,815	2.7
IBM		30[illegible]	—	30[illegible]	22	3,934	6.2
[illegible]		33[illegible]	[illegible]	54[illegible]	31[illegible]	19,158	9.1

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا من الأصل

هكذا من الاصل

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
NMC	†□	50xd	-	50	27	19.9	‡	9.9
Portals	‡□	486	+11	486	335	313.0	2.8	15.8
PrioTech Intl IE	♦†□	77	-7	84	51	22.7	3.8	10.0
Repola FM		562	-	634	392	160.0	1.5	-
SCA B SKr		1088	-	1139	699	1,246	2.7	14.9
St Ives	□	330	-	330	231	325.0	2.1	22.5
Sappi		451	-	754	447	677.2	8.6	8.5
Senf	✣	12½	-	14½	1¼	3.09	-	-
Sholton (AB)	✣	28	-	41	25	1.40	9.3	6.8
Smith (DS)	‡□	290	+5	*351	230	358.7	4.4	16.6
Smurfit (J) IE	h□	270	-	335	210	1,318	0.6	8.8
Sonic		46	-	53	45	0.82	2.5	-
Star-Plus		178	+2	263	171	37.8	5.4	12.7
Stora B SKr		£27	-	£30¾	£15¼	322.4	4.5	34.2
Tinsley Robor	□	9	-	14	6	2.31	-	-
Unit Group	✣	40	-	62	29	2.14	-	-
Usher Walker	♦□	101	-	185	76	14.1	5.0	30.3
Waco	□	83	-	195	48	46.3	17.5	7.0
8p Cv Pf		74xd	-	95	44	38.6	14.4	-
Waddington (J)	□	212	-	212	158	169.6	5.0	16.0
Waverley Cam		0¼	-	4	0¼	0.66	-	-
Wentworth	✣	[illegible]	-	15	2½	3.26	2.4	-
Wood (SW)		67	-1	75	51	8.01	0.5	-

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
BT	†□	397xd	-	418½	305	24,530	4.8	14.5
New (partly paid)	†□	293xd	+½	315	212	6,288	4.8	14.5
Cable & Wire	†□	693	-1	707	489	7,005	2.5	21.4
7pc Cv Ln 09		£177	-	£179½	£130½	594.4	4.0	-
GN Gt Nordic		£31⅞	-	*£33¼	£24¾	108.7	3.4	-
Hawthorn Leslie	✣□	3½	-	4½	1	4.65	-	-
Hh Telecom $		£29⅛	-	£29⅛	£17	7,198	0.8	-
Securicor	‡†	920	-	930	646	38.2	0.3	42.2
A N/V	†□	604	-	652	489	488.6	0.5	27.7
Security Servs	†□	513	-	525	367	962.3	1.2	33.3
Vodafone	†s□	420	+1	422	306	4,221	1.9	20.4

TEXTILES

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
Albion		73	-	78	32	2.74	5.8	ϕ
Alexandra Work	††	112	-	115	38	37.7	4.3	60.6
Allied Textile	†	411	-	441	362	116.7	4.0	14.7
Atkins		107xd	+3	147	92	4.01	9.5	-
Baird (Wm)	††	241	+1	*266	193	271.0	4.9	15.5
Beckman A		56	-	73	47	6.84	11.4	11.1
Brit Mohair		141	-	182	138	18.7	8.0	11.1
Caldwell Invs	✣	21	-	32	17	1.42	-	13.0
Campari Intl	†a	201	-	448	200	21.6	7.3	5.5
Castle Mill Intl	††	2¼	-	8¼	1½	0.36	-	-
[illegible]								

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
[illegible]							
Plateau		3½	-	13	3	1.37	-
RTZ	□	672	+2	692	469	6,748	3.9
Vizcaya	‡	3	+¼	3	1	1.61	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

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3 pm December 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	10¼	AAR Corp	0.48	4.3	20	212	11⅛	11⅛	11⅛	+⅛
28⅞	18	A [illegible]	0.18	0.8	144	48	23⅛	22⅞	23⅛	+¼
68¼	52⅞	AMP Inc	1.52	2.8	21	983	57⅞	57½	57⅞	
80¼	54⅞	AMR				132230	64⅞	63½	64⅞	+⅞
2⅞	1⅛	ARX			11	107	1⅞	1¼	1⅛	
53½	30½	ASA	2.00	6.3	20	229	32	31⅞	31⅞	
34⅛	28⅛	Abbott Lab	0.60	1.9	22	[illegible]	31½	31	31⅞	+⅛
13⅞	10⅞	Abitibi Pr	0.50	4.4		5z100	11⅛	11⅛	11⅛	
11⅞	10⅛	ACM Gvt Op x	0.60	5.5		185	10⅞	10⅞	10⅞	+⅛
10⅞	9	ACM GvGpp x	1.21	13.3		22	9⅛	d9	9⅛	+⅛
9⅞	8½	ACM Gvt Sp x	0.85	8.7		183	8⅞	8⅞	8⅞	
11⅞	9⅞	ACM Gvt Sc x	1.01	9.6		150	10⅞	10½	10½	−⅛
10⅞	8⅞	ACM Man x	1.18	11.8		157	10	9⅞	10	
12⅞	8⅞	ACM Mmgd x	0.78	8.8		114	8⅞	8⅞	8⅞	
11⅞	4⅞	Acme Cleve	0.40	4.8	15	14	8⅛	8⅛	8⅛	
8½	3⅞	Acme Elect			112	21	5⅞	5⅞	5⅞	−⅛
33⅞	14⅞	Acuson			12	586	16⅞	15⅞	15⅞	−⅞
21	18⅛	Adams Expr	1.62	8.2	1	41	20	19⅞	19⅞	
49⅛	29½	Ad Micro	3.00	6.5		528	46½	46	46⅛	
21⅛	7½	Ad Micro P	3.00	17	1	58384	17⅞	17½	17½	−⅛
9⅛	4⅞	Advest Grp	0.16	2.8	11	42	5⅛	5⅞	5⅞	
42⅛	33	Aegon ADR	1.35	3.2	7	204	42⅛	42	42	−⅛
46⅛	38	Aetna Lf	2.78	6.0	13	745	46⅛	46	46	−⅛
12⅛	8⅞	Ahd A	0.24	2.0	18	398	12⅛	11⅞	12	
34⅞	24	Allied [illegible]	0.44	1.3	15	1458	33½	33⅛	33⅞	−⅛
[illegible]										

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

52 Week High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
55	50½	Xerox4.125				z100	52⅛	52⅛	52	-1
44⅛	24⅞	Xtra 1.94	1.94	4.7		29	u44⅛	44⅛	41	-3⅛
62½	28½	Xtra Corp	0.80	1.3	16	357	u62½	61⅝	62⅛	+½
30⅝	25¼	Yankee Egy	1.66	5.7	13	24	29¾	29	29⅝	+¼
1½	½	Zapata				371735	13/16	¾	¾	-1/16
11⅛	6	ZenithElec				2 844	6⅛	6	6	-⅛
20	14½	Zenith Nat	1.00	5.1	9	713	19⅞	19⅝	19⅝	-⅜
7½	6	Zenix Inc x	0.82	12.4		58	6⅝	6½	6⅝	
14	10	Zero Corp	0.40	2.9	21	13	13¾	13⅝	13¾	
38½	27¼	Zurn Ind x	0.88	2.3	43	86	u38½	38¼	38⅜	-⅛
14⅛	12	Zweig Fund	1.12	8.5		109	13⅛	13	13⅛	
11	9½	Zweig Totl	0.96	9.6		180	10	9⅞	10	

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial

a-dividend also xtra(s) b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm December 28

NASDAQ NATIONAL MARKET

3 pm December 28

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		26	907	24¼	23½	23½	-¼
Xoma Corp		4	1983	10	9¼	9½	-¼
Yellow Fr	0.94	21	35	27¾	27⅝	27¾	+⅛
York Rsch		7	648	7 3/16	6⅞	7	-⅛
ZionsUtah	0.84	13	14	u78	76¾	78	

THE FT INTERVIEW

Very image of an architect

Jean Nouvel, designer of La Tour Sans Fins in Paris, talks to **Alice Rawsthorn**

Gilles Decamps

'I'm a true modernist, a man of my time'

If central casting was asked to rustle up an actor to play the role of a contemporary architect, no self-respecting movie mogul could complain if the chosen candidate looked like Jean Nouvel.

Nouvel does, after all, have all the requisite accessories. He is invariably dressed in black, with close-cropped hair and a nice line in techno-toys, like the deep sea diver-style watch wrapped around his wrist. At 47, he has already made his name in architectural circles through his uncompromisingly modernist designs, such as the Arab cultural centre in Paris, now marked by an exhibition of his work at the Institute of Contemporary Art in London.

But his biggest and, possibly, his best building has yet to come. Early next year the builders will arrive at a plot of land beside the futuristic Grande Arche at the La Défense business district in western Paris, to start work on Nouvel's La Tour Sans Fins, the Tower of Infinity.

This is the building that seems set to propel Jean Nouvel into the tiny band of contemporary architects, such as Richard Rogers and I M Pei, whose names are known beyond the cloistered world of architecture. It should also place him in the forefront of the new wave of modernists redefining architectural thinking in the 1990s.

La Tour Sans Fins, at 1,400ft (425m), will be the tallest tower in Paris, easily dwarfing the Eiffel Tower's 984ft. It will be built in glass – black at the bottom, but gradually becoming paler until it is completely clear at the top. "It's one of the projects where I've been given most freedom," says Nouvel. "It's an office block, a serious building, and the design reflects that, but it's also fun. I want people to enjoy it."

The sci-fi style and scale of La Tour Sans Fins seem set to cause as much controversy as other modern Paris monuments, notably the Pompidou arts centre, the building that brought Rogers into the limelight, and Pei's glacial glass pyramid in the Louvre museum. Nouvel sees his tower as "a metaphysical object" and an exercise in "urban poetry". One of the judges of the architectural competition that chose it was more prosaic. He described Nouvel's design as "a pure object of capitalism".

If Nouvel cares about such quips, he is far too shrewd to show it. La Tour Sans Fins is typical of his style. It is a witty building, which twists the traditional tenets of 1920s modernism – the geometric lines and emphasis on function – into new forms for today. "I'm a true modernist, a man of my time," he says. "The role of the architect is to reflect the age they live in."

Jean Nouvel looks like his buildings, thoroughly modern and larger than life. He is a big, burly man with a diabolic face, who punctuates his conversation with rumbustious chuckles. He works from a rambling open-plan studio in an old warehouse in the dowdy 11th *arrondissement* of Paris. He moved there a few years ago when he outgrew his old studio on Rue Beaubourg opposite the Pompidou centre. The Beaubourg studio is now his home. "It's pretty basic," he says. "I spend 12 or 14 hours a day designing buildings, so I don't want to do that in my spare time. Lots of architects dream about building their own homes. Not me."

He was born, the son of teachers, at Fumel in the Lot valley in southern France. He ended his education at the prestigious Ecole des Beaux Arts in Paris where he began by studying painting, but soon switched to architecture. "At the time I didn't have *any* money, so architecture seemed like a better bet," he recalls. "I always planned to go back to painting but after two years of architecture I was hooked."

Nouvel quickly became a notorious figure in French architectural circles, initially because of the unusual vehemence of his attacks on other people's work. His vitriolic views, coupled with a penchant for publicity (he recently featured in a Swiss Air advertising campaign), have saddled him with a reputation for megalomania.

He was one of the most vociferous opponents of the Forum des Halles development in Paris during the late 1970s, when the old fruit and vegetable market was pulled down to make way for a shopping centre – "the indescribable architectural catastrophe". He then emerged as a critic of post-modernism, the trend for reinterpreting historical images that dominated in the 1980s, producing buildings such as Robert Venturi's National Gallery extension in London.

But he has been equally critical of the bastions of early modernism such as Le Corbusier – "he was a genius, but he also wrote some really stupid things" – and of contemporary architects who continue to copy them. "I don't want to perpetuate the legacy of the architecture of another age," he says. "Just because something was modern 50 years ago doesn't make it modern today."

PERSONAL FILE

- **1945** Born at Fumel, Lot-et-Garonne.
- **1963** Attended Ecole des Beaux-Arts, Paris.
- **1978** First major building, a medical centre, Bezons.
- **1985** Started Nemausus housing projects, Nîmes.
- **1987** Arab cultural centre, Paris, won Grand Prix de l'Architecture.
- **1992** Completed design of La Tour Sans Fins.

The architects he does admire – Alvar Aalto, the Finnish modernist who emerged in the 1920s, Tado Ando, the grand old man of contemporary Japanese architecture, and Richard Rogers – all share his passion for reinterpreting modernist principles in his own way. "They all have their own idiosyncratic styles," he says. "A building by Rogers just couldn't have been designed by anyone else."

Nouvel made his mark in the 1980s through the *grands projets*, the architectural schemes initiated by President François Mitterrand to celebrate the 1989 bicentennial of the French Revolution and to raise awareness of modern architecture.

The *grands projets*, such as the Louvre pyramid and the new finance ministry, were accompanied by a reform of public sector building in France, which included introducing architectural competitions and encouraging local authorities to launch their own *petits projets*. Nouvel was lucky. He came to maturity as an architect at a time when an unprecedented number of major buildings were being commissioned in France, and there were relatively few French architects with enough experience to handle them.

But luck was not enough. The architects for the *grands projets* were chosen by international competitions. Being in the right place (and of the right nationality) at the right time probably helped Nouvel to get on to the shortlists, but after that he was on his own. He lost the competitions for the finance ministry and national library, but won the commission for L'Institut du Monde Arabe, the Arab centre on the banks of the river Seine in Paris.

The FFr500m (£61m) Arab centre combines all his favourite themes. It is a futuristic building made in modern materials, steel and glass. Nouvel broke it down into sections so that it looks different from each angle. He also indulged his love of technology in the computerised blinds, designed in traditional Arab patterns, which regulate the flow of light through the windows.

The result is a building which is superficially stunning and becomes increasingly complex the closer you look. "It's not enough just to make something that looks amazing, or to show how clever you can be with technology," he says. "The building *must* work as a whole."

L'Institut du Monde Arabe established Jean Nouvel in the international arena and garnered the Grand Prix d'Architecture, France's most prestigious architectural prize usually given for a lifetime's work. He now faces the challenge of developing his ideas in his new projects – the Opera house in Lyons, a factory for Cartier in Switzerland and La Tour Sans Fins.

"It's easy to get complacent and to become mediocre by doing the same thing again and again," he says. "You have to know exactly what you want and how to get there. But I'm lucky. I'm an optimist. I always look for the positive side in everything."

No rest from her mission of mercy

Letter from CALCUTTA

While Christians around the world have been celebrating Christmas, their most revered co-religionist quietly carried on with her work. "I spend Christmas as I spend every day – with the poor," says Mother Teresa of Calcutta. "We share with them whatever food we have."

At the age of 83, she takes no rest. While age and illness have forced her to slow down, she does not allow herself any time off. Mother Teresa does not carry her burden lightly. Even conversation can be a distraction from the enormity of her mission, since she is utterly convinced that she must dedicate every moment to God. She says: "Everything I do is for Christ."

This fierce determination lives inside the frailest of bodies. At times, she seems as weak as some of the destitute sick that she tends. She has difficulty walking and can scarcely kneel to pray. Only her hands are strong – she takes visitors by both hands, gripping them in a combination of greeting and blessing.

Mother Teresa lives in the house in Calcutta from which she directs her work for the poor through the Missionaries of Charity, the order of nuns she founded in 1950. The building stands on a busy road, exposed to the dirt and the diesel fumes which permeate the city. It is well-maintained but simple: there is no glass in the windows, no air-conditioning and only one fan. Mother Teresa inhabits a small room next to the chapel.

The veneration with which she *is* treated is palpable: her patients stare in silent adoration; the nuns speak in her presence in hushed voices; a well-dressed Indian woman, who has come to give thanks for a favour, drops to Mother Teresa's feet and kisses her ankles. She says: "When you touch her, you can feel the power coming from her."

Mother Teresa's answers to questions are brief. How does she manage to keep going? "I pray. With prayer you can do anything." She adds with the faintest trace of pride that the Missionaries of Charity now have houses in 105 countries, including homes for the poor, for the sick, for orphans and for Aids victims.

She visited Britain this year to open a house for the homeless in Birmingham. I ask her why such places were necessary in rich countries. She says that riches are unevenly divided. "It's because some people are rich, others are poor." And what could we do to put that right? "Share," she answers. "Share until it hurts."

The west is too materialistic, she says. Westerners lack the capacity to share because they are too attached to their possessions. "You must become more spiritual. You must have time to pray."

With those words she grips my hands once more. The meeting is over. "Mother is tired," says one of the nuns. "If you want to know more about her work, why don't you go and see it for yourself."

Early the next morning, I go to Kalighat, a particularly poor district of Calcutta. The grand old Victorian buildings hide in the shadows, like dowagers trying to conceal the effects of age. The roads are littered with potholes and rubbish. The rickshaw men are already at work, pulling loads of vegetables to the city's markets. People throng the streets – washing, talking and eating breakfast.

Kalighat is dominated by a temple to Kali, the Hindu patroness of Calcutta and the goddess of destruction. Next door, somewhat incongruously, stands Mother Teresa's home for the dying. Inside, the sick lie on rows of low beds, while their nurses – nuns and young volunteers from western countries – quietly prepare food, doling out portions into aluminium plates. Above their heads on a blackboard hangs a silent summary of the previous day's work: "Males 47; females 46; admissions nil; discharges four; deaths nil." I ask a nun from southern India why she came to work in Calcutta. "For God. And for Mother Teresa," she says.

The same dedication is apparent at Shishu Bhavan, Mother Teresa's Calcutta orphanage. Nuns and volunteers look after about 300 children, most of whom have been abandoned in the city's teeming slums. Virtually all are found adoptive parents. "Today, people are willing to take even the difficult ones, even the handicapped," says a nun over the noise of 10 small children eating breakfast together. Outside, the orphanage runs a soup kitchen on a grand scale – some 600 local poor are fed at the gates every morning under the careful eye of a large cook who watches to make sure that no one steals an extra meal.

Among the volunteers in the orphanage is a woman from Cardiff who says she waited 12 years for her own children to grow up before coming to work for a month in Calcutta. "I love it here. But it's easy for me. I can go and have a drink in the hotel when it gets too much. And I'm going home in time for Christmas. It's the nuns I admire, they never leave. Nor Mother Teresa."

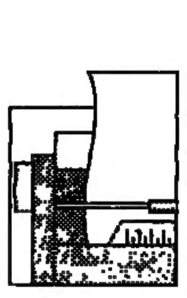
In the evening, I return to Mother Teresa's house, where her nuns and some of the volunteers gather for prayers. The chapel looks out on to the street and on to the noisy rush-hour traffic. Mother Teresa crouches on the stone floor near the back, apparently too frail to kneel properly. She stares at the ground and it seems her strength might fail her at any moment. Yet, her strong hands are clenched together, as if trying to grapple with some unseen force. Even in her prayers, Mother Teresa does not seek rest.

Stefan Wagstyl

PERSONAL VIEW

Call to arms controls

By Sir Anthony Parsons



Two years on from Iraq's invasion of Kuwait, the realisation that Iraq, a small and semi-industrialised state, had by 1990 succeeded in accumulating an arsenal of weaponry greater than that of any state other than the superpowers, seems to have been forgotten.

"Never again" was on everyone's lips as the five permanent members (P5) of the UN Security Council met in October 1991 to draw up criteria for restraint of destabilising arms transfers to conflict areas and the UN general assembly resolved to establish an open register of arms exports and imports. And yet a recent report* by Saferworld, the foreign affairs think-tank, informs us that, whereas $6.8bn worth of arms were ordered by Middle East countries in 1990, orders worth $35bn-$45bn have been placed since.

The P5 agreed to inform each other of big sales to the Middle East. I wonder if the Russians did so in regard to more than 100 aircraft, 200 T-72 tanks and three submarines sold to Iran, or the Americans in regard to 236 tanks to Kuwait, 700 tanks to Egypt, 72 F-15s to Saudi Arabia and so on. These are only a few of the deals we have learnt about, and the Chinese have now withdrawn from the P5 discussions because of the US and French sales of combat aircraft to Taiwan. China too is alleged to be making hay with orders to Iran and to have exported the M-11 ground-to-ground missile to Pakistan. None of this creates confidence in the effectiveness of the P5 initiative.

The Saferworld report proposes a common EC policy for regulation and control of arms and dual-purpose exports. The authors point out that six of the 15 leading exporters in the world are EC members and that, in 1991, the EC accounted for some 20 per cent of all defence sales. They argue that a co-ordinated EC approach to other big exporters would have a greater effect than initiatives by individual member states, and that the EC needs to harmonise members' regulations, and to achieve a higher standard of implementation of controls. The advent of the single market on January 1, resulting in the freer movement of goods and services, will add further urgency to this task.

The report develops the guidelines governing arms and dual-use exports and proposes lists of countries to which goods would be controlled. Essentially these would be based on compliance with international agreements such as UN sanctions, nuclear non-proliferation, plus the categorisation of importing states in relation to, for example, human rights records, domestic tensions, regional peace and security, end-user reliability and other considerations.

Such an approach has its difficulties. Drawing up lists of countries to which arms exports/dual technology would be totally or partially banned would be particularly problematic. There is a broad spectrum between states which are under mandatory UN arms embargoes (South Africa, Iraq, Somalia, Serbia) and countries where there is no problem (Australia, New Zealand). For example, to decide when a government's human-rights record would render it offside could lead to endless wrangling.

Moreover, definitions of the legitimate self-defence needs of importing states and of strategic considerations would vary between members.

To decide when a government's human-rights record renders it offside could lead to endless wrangling

In a broader context, between 1987 and 1991, the US, Russia and China exported $31bn of arms. Without some prior indication that the example of those exporting some 20 per cent would be followed by those exporting 80 per cent, it seems likely that the latter would simply gobble up a further proportion of the former. The competition between the US and UK over tanks for Kuwait and aircraft for Saudi Arabia is discouraging.

I come, therefore, to two tentative conclusions which are interlinked and which amount to modification and expansion of the notions in the report. First, the most effective instrument of restraint is prior consultation and agreement between leading exporters (ideally the P5 and the EC) on any large and/or destabilising order from a government in an area of tension or conflict. This was the principle underlying the Tripartite Declaration of 1950 between Britain, France and the US in regard to the Middle East and it worked, more or less, for five years until overleapt by the Egyptian/Soviet deal of September 1955.

Second, such a system should, as a long-term aim, be extended to incorporate all significant arms manufacturers/exporters. I realise that these goals are distant, especially as the low quality of eastern European ploughshares will make it particularly difficult – in a time of agonising economic transition – for Russia and others to move away from the profitable export of swords.

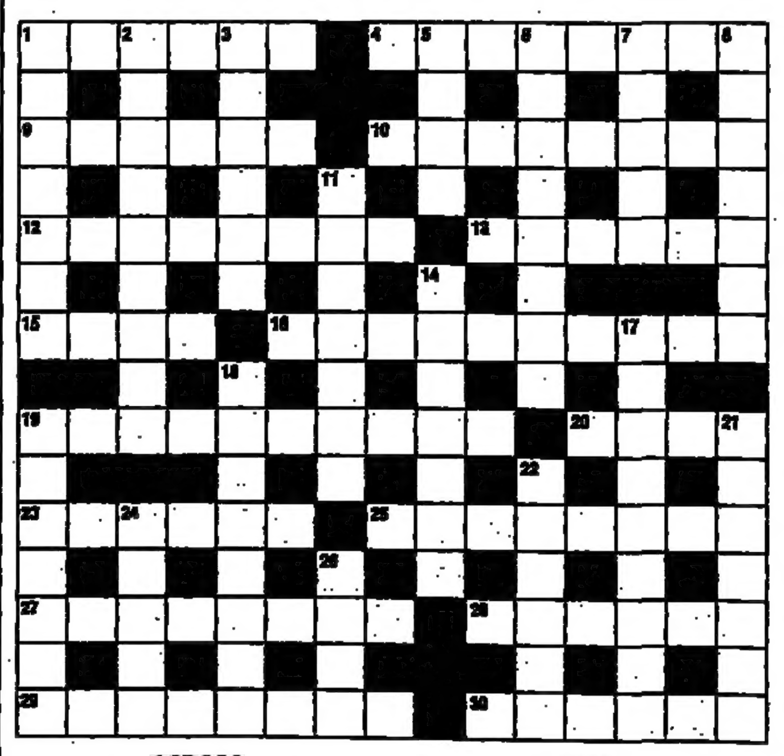
However, the recommendations in the report would constitute a beginning and, if considered by EC governments, it is essential that they should be combined with simultaneous approaches to the remainder of the P5 and to the Conference on Security and Co-operation in Europe.

**Arms and Dual-Use Exports from the EC: a Common Policy for Regulation and Control, Saferworld, 82 Colston Street, Bristol BS1 5BB.*

The author is former UK permanent representative to the UN

CROSSWORD

No.8,037 Set by DANTE



ACROSS

1 Clothing articles dropped by Boadicea (6)
4 A dangerous revolutionary (8)
9 Hounds may go like this, but not horses (6)
10 Agrees Connie's in favour of a non-sexist title (8)
12 Struggles to maintain faith in the past (8)
13 Indication of terror; how funny! (6)
15 Cries of distress around Beachy Head (4)
16 Put on guard from a combination of fear and wonder (10)
19 Introduces off cuts (10)
20 Staunch supporter (4)
23 Strange fact on an Islamic habit (6)
25 Advances or returns (8)
27 Shattering discovery in Moab tomb (4,4)
28 She may get up late (6)
29 Fruit and nuts from wastelands around the south (8)
30 Position in which a man takes notes (6)

DOWN

1 Comes back after hitting bottom (7)
2 Bud's tired out, having being roused from sleep (9)
3 Sung or spoken at church (6)
5 Old enough to start earning immediately (4)
6 It's no rumour he's in charge (8)
7 Five Irish poems (5)
8 Continued to give the total in a rush (7)
11 Security is lifted in the store (7)
14 Yearned anew for clerical office (7)
17 Profit which may well be a smash hit in court (3,6)
18 Such a mad rush will make a message unintelligible (8)
19 Being a king is a way to end wealthy (7)
21 The majority need time for treatment (7)
22 Bill has a little money, in a manner of speaking (6)
24 Sweets for kids (5)
26 Ring-road, junction and bypass (4)

The solution to the Christmas crossword will be published with names of winners on Saturday January 9.